



**NATIONAL REFORM PROGRAMME
2018**

**BUCHAREST
APRIL 2018**

CONTENTS

1. INTRODUCTION.....	5
2. MACROECONOMIC CONTEXT AND SCENARIO.....	6
3. POLICY RESPONSE TO ECONOMIC CHALLENGES	9
3.1. Fiscal and budgetary policy & banking and financial stability.....	9
3.2. Public administration	17
3.3. Business environment and competitiveness.....	27
4. NATIONAL EUROPE 2020 OBJECTIVES	43
4.1. Employment	43
4.2. Research, development and innovation (RDI)	47
4.3. Environment and climate change.....	51
4.4. Renewable energy sources	55
4.5. Energy efficiency.....	56
4.6. Early school leaving.....	58
4.7. Tertiary education	63
4.8. Social inclusion and combating poverty	66
5. INSTITUTIONAL ISSUES AND STAKEHOLDER INVOLVEMENT.....	73
ANNEX I: NATIONAL EUROPE 2020 TARGETS	75
ANNEX II: Stakeholders contributions.....	76

ABBREVIATIONS

AADR	Romanian Agency for Digital Agenda
ACOP	Administrative Capacity Operational Programme 2014-2020
ADOP	Aid to the Most Deprived Operational Programme 2014-2020
AFM	Environment Fund Administration
ANAF	National Agency for Fiscal Administration
ANAP	National Agency for Public Procurement
ANCPI	National Agency for Cadastre and Land Registration
ANFP	National Agency of Civil Servants
ANOFM	National Employment Agency
ANPD	National Authority for Disabled Persons
ANPDCA	National Authority for Protection of Children Rights and Adoption
ANPM	National Agency for Environmental Protection
ANRE	National Energy Regulatory Authority
ARACIP	Romanian Agency for Quality Assurance in Pre-university Education
ARACIS	Romanian Agency for Quality Assurance in Higher Education
ASF	Financial Supervisory Authority
BAS	Unemployment Insurance Budget
BNR	National Bank of Romania
CEF	Connecting Europe Facility
CF	Cohesion Fund
CNAS	National Health Insurance House
CNSP	National Commission for Strategy and Prognosis
COMP OP	Competitiveness Operational Programme 2014-2020
CSRs	Country Specific Recommendations
DGAF	General Anti-Fraud Directorate
EAFRD	European Agricultural Fund for Rural Development
EC	European Commission
EIB	European Investment Bank
EIF	European Investment Fund
ERDF	European Regional Development Fund
ESF	European Social Fund
ESIF	European Structural and Investment Funds
EUSDR	EU Strategy for the Danube Region
FEAD	Fund for European Aid to the Most Deprived
GDP	Gross Domestic Product
GEO	Government Emergency Ordinance
GHG	Greenhouse gas
GD	Government Decision
HCOP	Human Capital Operational Programme 2014-2020
HRDSOP	Human Resources Development Sectoral Operational Programme 2007-2013
IB	Intermediate Body
IBRD	International Bank for Reconstruction and Development
IECSOP	Increase of Economic Competitiveness Sectoral Operational Programme 2007-2013
ILO	International Labour Organization
IM	Labour Inspectorate
INA	National Institute of Administration
INS	National Institute of Statistics

ISE	Institute of Educational Sciences
ITI	Integrated Territorial Investment
LIOP	Large Infrastructure Operational Programme 2014-2020
LULUCF	Land Use, Land-Use Change and Forestry
MA	Managing Authority
MADR	Ministry of Agriculture and Rural Development
MAE	Ministry of Foreign Affairs
MAI	Ministry of Internal Affairs
MApN	Ministry of National Defence
MAP	Ministry of Waters and Forests
MCI	Ministry of Research and Innovation
MCIN	Ministry of Culture and National Identity
MCSI	Ministry of Communications and Information Society
MDRAP	Ministry of Regional Development and Public Administration
MDRAPFE	Ministry of Regional Development, Public Administration and European Funds
MEc	Ministry of Economy
MEN	Ministry of National Education
ME_n	Ministry of Energy
MFE	Ministry of European Funds
MFP	Ministry of Public Finance
MJ	Ministry of Justice
MM	Ministry of Environment
MMACA	Ministry for Business Environment, Commerce and Entrepreneurship
MMJS	Ministry of Labour and Social Justice
MO	Ministerial Order
MS	Ministry of Health
MT	Ministry of Transport
MTS	Ministry of Youth and Sport
NRDP	National Rural Development Programme 2014-2020
OECD	Organization for Economic Cooperation and Development
ONRC	National Trade Register Office
SEAP	Electronic System for Public Procurement
SGG	Secretariat-General of the Government
SMEIOP	SME Initiative Operational Programme 2014-2020
SMEs	Small and medium-sized enterprises
SO	Specific Objective
SRSP	Structural Reform Support Programme
REGES	General Registry of Employees
RES	Renewable energy sources
ROP	Regional Operational Programme 2014-2020
TAOP	Technical Assistance Operational Programme 2014-2020
TEN-T	Trans-European Networks - Transport
UEIP	Public Investment Evaluation Unit
UIB	Unemployment Insurance Budget
UNICEF	United Nations Children's Fund
VAT	Value Added Tax
WB	World Bank

1. INTRODUCTION

The *National Reform Programme* (NRP) is the framework platform for defining the development priorities guiding Romania's evolution until 2020, in order to achieve *Europe 2020 Strategy* objectives and for defining structural reforms to meet the challenges Romania is facing.

The NRP 2018 has been drafted in accordance with EC guidelines¹, the priorities set in the *Annual Growth Survey 2018 (AGS)*², the *Country-Specific Recommendations 2018 (CSRs)*³, and the *Country Report Romania 2018*⁴ being also taken into consideration.

The NRP 2018 aims at harnessing the growth potential by boosting competitiveness and productivity, strengthening social and territorial cohesion, creating new jobs - all intended to reduce the gaps in terms of economic development, as compared to other Member States (MS) of the European Union (EU). The ownership of the key structural reforms for the national economy and administration will allow efforts and national resources to focus towards modernizing the Romanian society and it is capable to support the economic and social convergence within the EU.

In order to relaunch the process of economic and social convergence at the European level and to achieve a more stable, inclusive, more productive and more resilient economy, in the most recent AGS, the EC recommends to MS to stimulate investments, as a mean for supporting expansion, increase productivity and enhance long-term growth. It also urges MS to pay attention to the social dimension promoted through the *European Pillar of Social Rights*, stepping up efforts to pursue structural reforms and ensure responsible fiscal and budgetary policies.

Considering EC's assessment presented in the *Country Report Romania 2018*, response measures are expected from the Romanian authorities to the challenges regarding fiscal and budgetary policy, public investments, EU funds absorption, full use of the labour force potential, income inequalities, efficiency and accessibility of healthcare system, ensuring quality education, infrastructure efficiency or further reform of public administration.

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

Regarding the putting into practice of the CSRs, the EC assessed for the first time the progress in implementation from a multiannual perspective⁵. Thus, according to the EC analysis, Romania made at least some progress for 68% of all CSRs starting with 2013. Regarding 2017 CSRs, the EC's overall assessment highlighted limited progress in their implementation.

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

¹ Submitted through the SG' letter Ref. Ares(2017)5333418 - 31.10.2017

² COM(2017) 690 final, Brussels, 22.11.2017

³ The EU Council Recommendation of 11 July 2017 on the 2017 National Reform Programme of Romania and delivering a Council opinion on the 2017 Convergence Programme of Romania (2017/C 261/22)

⁴ SWD(2018) 221 final, Brussels, 7.3.2018

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

2. MACROECONOMIC CONTEXT AND SCENARIO

After the 4.8% growth in 2016, Romania recorded an accelerated 6.9% **economic growth** in 2017, the largest growth rate after the economic crisis and one of the largest in the world. The 2017 growth was driven by the positive contribution of domestic demand (7.6%), both for consumption, stimulated by wage increases that improved the purchasing power of population and for gross investments, especially from the private sector. Thus, private consumption increased by 10.1% and government consumption by 0.7% compared to 2016. Gross fixed capital formation increased by 4.7%. Net exports had a negative contribution (0.8%) to real GDP growth, while exports of goods and services grew, in real terms, by 9.7% and imports of goods and services by 11.3%, yet a lower contribution than in 2016.

Labour market improved in 2017. The total number of employees (ILO) increased by 3.1% compared to 2016, while the unemployment rate was 4.9%, i.e. 1 p.p. below the 2016 level. **The employment rate of people aged 20-64** was 68.9%*, standing at a distance of 1.1 p.p. compared to the 70% national target set in the context of *Europe 2020 strategy*.

Inflation rate recorded a modest annual average growth of 1.34% in 2017, while annual inflation rate at the end of 2017 stood at 3.32%. The sharp rise in inflation at the end of 2017 was mainly due to some price increases in the second half of the year, driven by external causes such as rising oil barrel prices on international markets, price increases for some products (eggs and butter) or the depreciation of the national currency against Euro. Another cause is the two-step increase of excise duty on fuels, on 15 September and 1 October 2017, respectively.

The **deficit of the current account of the balance of payments** widened in 2017 compared to 2016, reaching 3.4% of GDP, taking into account the widening of the negative balance of goods.

Romania has successfully restored its growth potential, strongly affected by the economic and financial crisis, its **potential GDP** dynamic returning to values exceeding 5% annually from 2018. The most important contribution to potential growth is that of total factor productivity. Moreover, the greater contribution of total factor productivity, compared to the extensive use of labour and capital, has been a characteristic of the Romanian economy over the last 20 years. Looking ahead, a significant increase is expected in terms of contribution of capital stock to real GDP growth, based on infrastructure investment and favourable developments in machinery and transport investment. Labour force will also have a positive contribution (although reduced), which shows, taking into account the major contribution of the total factor productivity, an inclusive and sustainable character of the high economic growth that Romania is recording during this period.

The macroeconomic framework for 2018-2021 has taken into account: (i) the positive impact of the measures included in the Government Programme on business environment and purchasing power of population; (ii) the European and global context, as highlighted in COM winter forecast, characterized by reducing uncertainties; (iii) the economic and social achievements of 2017 and first months of 2018. As a result, the Romanian economy is expected to continue to perform, with gross domestic product increasing by an average of 5.6% per year, slightly above potential, following a deceleration trend of the pace from 6.1% in 2018 to 5% in 2021.

Domestic demand will continue to be one of the main drivers of growth in the coming years. Private consumption will be fuelled by a sound consumer confidence and improvements in the labour market. Gross fixed capital formation will increase at high pace, because of improving the investment climate and of financing conditions from both budget sources and structural and investment funds. Exports and imports of goods and services will continue to register high dynamics, with net export contribution to real GDP growth remaining in the negative area, i.e. around -0.5%.

On the domestic supply side, the GDP growth forecast is based on robust dynamics in construction and services sectors as well as in industry, especially in industries with high export potential.

* The Employment rate for population aged 20-64 stands at 68.8% according to INS communicate No 99/18 April 2018

Economic growth

- Annual percentage changes -

	2017	2018	2019	2020	2021
Real GDP	6.9	6.1	5.7	5.7	5.0
Nominal GDP	12.6	8.3	7.7	7.7	7.1
<i>Real GDP components</i>					
Private consumption expenditures	10.1	6.5	6.1	5.8	5.5
Government consumption expenditures	0.7	5.4	3.5	3.2	2.3
Gross Fixed Capital Formation	4.7	7.9	8.4	8.6	7.4
Exports of goods and services	9.7	7.6	6.9	7.1	6.9
Imports of goods and services	11.3	8.6	8.0	7.9	7.8
<i>Contributions to GDP growth (percentage)</i>					
Final domestic demand	7.5	6.7	6.2	6.1	5.5
Change in stocks	0.2	0.0	0.0	0.0	0.0
Net export	-0.8	-0.6	-0.6	-0.5	-0.5

Source: INS and CNSP

The current account deficit of the balance of payments is expected to remain within sustainable limits, decreasing from 3.4% of GDP in 2017 to 2.4% in 2021, because of the improvement of balance of services and primary income.

External trade and current account

- Billion Euro -

	2017	2018	2019	2020	2021
FOB Export	62.6	68.1	73.9	80.2	87.0
- annually percentage change, %	9.1	8.7	8.6	8.4	8.5
CIF Import	75.6	82.7	90.3	98.4	107.2
- annually percentage change, %	12.2	9.4	9.2	9.0	8.9
Trade Balance FOB - CIF	-13.0	-14.6	-16.4	-18.2	-20.2
Current account deficit	-6.5	-6.3	-6.2	-6.1	-6.0
- % of GDP	-3.4	-3.1	-2.8	-2.6	-2.4

Source: INS and CNSP

For 2018, the average annual inflation rate is estimated at 4.3%. The higher level is determined by a base effect, i.e. exhaustion of the statistical effects of the 1 p.p. VAT reduction and the removal of the over-excise duty on fuel starting with 1 January 2017.

For 2018-2021, the estimated inflation rate, both as an annual average and at the end of the year, will show a downward trend, in the absence of other shocks, being forecasted to reach 2.5% (annual average) in 2021.

Inflation

- % -

	2017	2018	2019	2020	2021
- end of the year	3.32	3.2	2.8	2.5	2.3
- annual average	1.34	4.3	2.8	2.6	2.5

Source: INS and CNSP

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

Labour force

- % -

	2017	2018	2019	2020	2021
Employment rate (age group 20-64)	68.9*	69.3	69.7	70.1	70.4
- men	77.4**	78.2	78.9	79.6	80.3
- women	60.2	60.3	60.5	60.7	60.8
Unemployment rate (according to ILO) -%	4.9	4.8	4.6	4.5	4.4

Source: INS and CNSP

Moreover, the **number of unemployed** is expected to continue the downward trend, so that the unemployment rate will decrease to 4.4% in 2021, i.e. 0.5 p.p. lower than the 2017 level.

* The Employment rate for population aged 20-64 stands at 68.8% according to INS communicate No 99/18 April 2018

** The Employment rate for men aged 20-64 stands at 77.3% according to INS communicate No 99/18 April 2018

3. POLICY RESPONSE TO ECONOMIC CHALLENGES

3.1. Fiscal and budgetary policy & banking and financial stability

Key directions:

- ✓ Improving the management of public investments
- ✓ Completing the public-private partnership legislation
- ✓ Increasing the efficiency of budgetary spending
- ✓ Improving tax collection
- ✓ Fighting against undeclared work

In 2017, Romania experienced a sound macroeconomic evolution, with a 6.9% economic growth rate, a budget deficit below 3% of GDP, a public debt of 35% of GDP (declining from the 2016 level), and an unemployment rate at a historical minimum.

Continuing its responsible fiscal policy, MFP monitored the budgetary execution in order to identify and report situations with a risk of deviating from the law approved deficit⁶ (2.96% of GDP according to ESA 2010 methodology, including after the 2017 budget rectification). Thus, even if the tax reductions continued in 2017, ***the budgetary execution ended with a deficit of 24.3 billion Lei⁷, representing 2.83% of GDP*** (taking into account a GDP of 858.3 billion Lei), below the annual target. According Eurostat's first notification, ***the ESA deficit for 2017 amounted to 2.9% of GDP, a slight drop when compared to the 3% level in 2016.***

In addition, several measures have been adopted and implemented ***in order to increase budget revenues***, such as: payment of social security contributions at the level of the minimum wage for part-time employees earning less than the minimum wage⁸ (GO No 4/2017), increasing excise duties by 1% for cigarettes (from 435.58 Lei/1000 to 439.94 Lei/1000 cigarettes), and smoking tobacco (from 383.78 Lei/kg to 398.70 lei/kg), increasing excise duties for gasoline and diesel in two steps (from 15 September 2017 by 0.16 Lei/ litter and from 1 October 2017 by 0.16 Lei/ litter, respectively)⁹, implementing the split VAT mechanism¹⁰ (Law No 275/2017 for approving GO No 23/2017), distributing as dividends/ payments to SB the amounts allocated in previous years to other reserves and used as own financing source and the retained earnings existent in the balance at 31 December of each year, increasing the dividends distributed by national companies from 50% to 90%, increasing the tax base in the case of payments due by legal entities for disabled persons starting with 1 January 2018.

As a consequence of implementing these measures and despite the additional 1 p.p. VAT rate decrease, the **general budget revenues collected in 2017 increased by 12.5% (+ 27.9 billion Lei) in nominal terms**, as compared to 2016.

In 2018, Romania will continue to comply with its commitments on strengthening public finances (budgetary deficit below 3% of GDP, public debt below 60% of GDP) amid providing the conditions for strong economic growth and continuing its revenue growth strategy.

Thus, MFP will continue to *monitor the budgetary execution*, with the objective that all main spending institutions fit within the approved budget and that the budget deficit, calculated according to ESA 2010 methodology, stands below the 3% of GDP ceiling. As in the previous years, the normative acts initiated by the Parliament and the Government that increase budget spending or reduce budget revenues shall comply with the budgetary provisions approved in the *Law on 2018 State Budget* and the *Law on approving the ceilings*

⁶ Law No 5/2017 for approving the indicators' ceilings for 2017 fiscal framework

⁷ Based on operative data

⁸ Through GEO No 79/2017, the social contributions were switched to the employee side. Subsequently, GEO No 3/2018 introduced ***the obligation of the employer to pay the difference*** between the social contributions due at the level of the income achieved and the social contributions due at the level of the gross minimum salary.

⁹ The revenues increase from fuel excises was assessed as follows: by 650 million Lei in 2017; by 2707 million Lei in 2018; by 2,896 million Lei in 2019; by 3,055 million Lei in 2020.

¹⁰ By the 2 March 2018, ***the number of taxpayers voluntarily registered in the register of persons implementing the split VAT payment was 692***

of indicators specified in the fiscal-budgetary framework for 2018.

The structural deficit will remain relatively constant in 2018 compared to 2017, the adjustment towards the medium-term budgetary objective following to take place starting with 2019, according to the Law No 269/2017 on approving the ceilings of indicators specified in the fiscal-budgetary framework for 2018.

Efficient management of public investments

The measures aiming to **improve the legislation¹¹ governing the prioritization of significant public investment projects** continued in 2017. In August, MFP finished drafting a *revised version of the normative act on supplementing and amending the methodological norms on public investment projects' prioritization* (GD No 225/2014) and submitted it to the endorsement circuit. The draft normative act which will improve the budgetary planning and predictability of public investment projects is currently pending approval by the ministries, following to be adopted and published in the Official Journal of Romania by the end of Q3/2018.

Regarding the process of **rationalizing public investment portfolio**, in 2017 MFP started a *pilot exercise in cooperation with MT* in order to test the mechanisms and rationalizing criteria proposed by the WB in the technical assistance project titled *Improving the management of public investments* (implemented during 2014 - 2015). In this respect, a joint MFP-MT Order *setting up a working group*, organization and functioning rules thereof was drafted and approved; so far, the group had several meetings on the quality of information needed to run the analyses, the discussions being focused mainly on the quality of information provided by MT.

By the end of 2018, the working group will complete its activities and the *rationalizing criteria will be approved by MFP management, and shall be included in the legal act*.

In order to **develop the skills of staff working with public investment projects**, a technical assistance project was carried out in 2017 through the *Structural Reform Support Programme (SRSP)*; 11 employees from the Public Investment Evaluation Unit (UEIP) - MFP were trained in the field of public investment management.

In addition, two employees are currently working in the **new structure set up within MFP in order to provide professional assistance to contracting authorities concerning the preparation, award and implementation of public investment projects - Public Investment Management Directorate**; by the end of the Q2/2018, a competitive selection process will be initiated for four additional positions (approved by memorandum in December 2017).

For the *National Programme for Local Development* (PNDL) the second stage was set¹², aiming at first a balanced distribution of funds from the state budget by counties, based on indicators¹³, and afterwards, the allocation thereof within the counties, in several steps, taking into consideration guiding principles for the selection of projects. The correlation of funding sources, the avoidance of duplication of funding and the harmonization of technical selection criteria for investment projects remain in the attention of MDRAP in the coming period.

The model of allocation of the amounts approved by the annual budget law for the financing of PNDL, used in 2017, was established in line with the priorities of the *Programme for Government*, with the EU requirements, and the obligations assumed by the *Accession treaty of Romania to the European Union* regarding the compliance with the European directives and the WB recommendations on the prioritization criteria of public investments, taking into account the current economic and social realities.

This allocation model was adapted according to one of the models proposed by WB¹⁴, aiming at increasing the share of funding for social objectives (i.e. schools, medical care facilities) for equipping rural areas and at

¹¹ GEO No 88/2013 on adopting fiscal-budgetary measures in order to accomplish the arrangements agreed with international institutions and on modifying and supplementing some normative acts, approved with amendments through Law No 25/2014, respectively GD No 225/2014 on approving the methodological norms concerning the prioritization of public investment project

¹² Through *GEO No 6/2017 amending and completing some pieces of legislation and establishing some measures on carrying out investments financed under public funds* (article III)

¹³ *The demographic and administrative-territorial data of counties and the financial capacity of the administrative-territorial units* (according to GD No 624/2015 on the approval of the selection criteria of the investment objectives to be financed through the *National Programme for Local Development*, approved by GEO No 28/2013)

¹⁴ In the report elaborated within the project *Coordination of Strategies and Programs for EU and State-Funded Investments in Romania's Infrastructure*, financed from EU funds

increasing the share of funding for county roads, essential for the local road transport network as they connect all localities to functional urban areas. Moreover, for the county roads there is no other source of financing except for ROP, which provides insufficient funding when compared to the needs identified by the WB experts at the national level.

In 2017, the normative framework regarding the acceptance of the construction works was improved by the adoption of GD No 343/2017¹⁵. In addition, expert services have been contracted for the cost standard for civilian buildings and steps have been taken to substantiate the purchase of services to achieve 10 cost standards¹⁶, in 2018.

Completing the legislation on public-private partnership (PPP)

Taking into account the need to correlate the legislation on public-private partnership which regulates the means of PPP contracts awarding with public debt and deficit legislation, at the beginning of 2017, the Government decided to *amend the Law No 233/2016 on public-private partnership*. In this respect and following the MFP's initiative, a working group was set up, consisting of institutions able to contribute to the drafting of the new legal framework (ANAP, Chamber of Commerce and Industry, MM, MApN, MEN, MDRAPFE, MJ, MS, MT, MMACA, and the American Chamber of Commerce in Romania). Following the working group's activity, the Government approved the **GEO No 104/2017 on amending and completing Law No 233/2016 on public-private partnership**. The main amendments brought include: the public partner's possibility to contribute to the financing of the investment from public financial resources (other than EU funds), clarification of PPP projects' approval/review mechanism and notification procedure to INS, detailing of the projects' preparation process, promoting projects that prove economic and financial efficiency, using the best practices on project's financial closure.

By the end of 2018, the new legislative framework on public-private partnership will be completed with *methodological norms for the application of Law No 233/2016, as subsequently amended and supplemented*, as well as with methodologies for calculating PPP Value for Money and discount rate for the PPP projects.

Increasing the efficiency of budgetary spending

Considering the significant amounts allocated from the state budget, in 2016 the Government decided to carry out **pilot spending reviews in the fields of transport, health and education**. In the field of *transport*, an *initial report* was drafted since October 2016 focusing on the inefficient public spending areas (public investment, subsidies, maintenance, saving options) and on measures to make this spending more efficient. The review of transport sector will carry on with the elaboration of the final report to be concluded in 2018.

On 10 May 2017, a *Committee for public spending review and efficiency* was set up (by Decision of the Prime minister No 397/2017); this structure is led by the Prime minister and the Minister of Public Finance, and has the objective of politically supporting the public spending reviews.

For *health and education* areas, in 2017, the working groups set up within MFP – the *Public Expenditure Analysis and Efficiency Directorate* - have drafted *diagnose analyses, benchmarks and action plans* (the measures were discussed with MS, CNAS and MEN representatives). The documents were submitted to MS, CNAS and MEN to make observations and the final versions is to be submitted to the institutions concerned. *The final reports for health and education*, containing possible measures of achieving savings and improving public funds' efficiency, will be drafted by the end of the Q2/2018. The reports will be approved by the interministerial Committee for public spending review and efficiency, which will decide on the measures to be implemented in the next period.

In addition, with the help of the *Structural Reform Support Programme*, a **technical assistance project on strengthening the capacity to conduct public spending review** (250,000 Euro) was launched in 2017. Within the project, training sessions were held with experts from a specialized institution (Expertise France) for MFP, MEN and MS representatives in order to develop the diagnose analyses, benchmarks and action plans for health and education sectors; MFP and SGG representatives attended a session dedicated to transparency and

¹⁵ GD No 343/2017 on amending GD No 273/1994 on the approval of the Regulation for the acceptance of construction works and related facilities

¹⁶ For sports halls, water supply, sewerage and water treatment, road modernization/ rehabilitation works, public lighting, thermal rehabilitation of buildings, sanitary units, sports facilities or waste facilities

communication issues concerning the public spending efficiency review process. In 2018, the technical assistance project will continue with activities such as the development of a *Public Spending Review Guideline*, detailing the practices to be followed in the process of reviewing public spending.

In order to **improve the management of public debt and associated foreign exchange risk**, MFP and the WB concluded a technical assistance agreement on *creating the legal framework for the use of derivative financial instruments (DFI) and execution of swap transactions in Romania*. Within the project, *training was carried out on all stages of DFI operations*, namely: legal and procedural framework for DFI use; operational and procedural framework required to execute transactions: pricing, identifying potential counterparties, launching the call for proposals, negotiating and executing transactions, managing the counterparty credit risk; creating the operational and procedural framework after the execution of transactions. For a better theoretical and practical understanding of DFI use, *two study visits* were organised at WB Treasury Headquarters in Washington for 12 representatives from the *Treasury and Public Debt General Directorate*, covering the front, middle and back office DFI operations.

WB representatives submitted for comments and observations the following *reports*: guidelines for developing a general legal framework, guidelines on internal procedures for negotiating ISDA¹⁷ framework agreements, recommendations on risk management policy, guidelines and procedures for executing DFI (foreign currency swap and interest rate swap), first assessment of internal organization, staffing, existing IT capabilities and needs for post-transaction management.

Based on the training and reports provided by the WB within this project, by the end of 2018 MFP will develop and approve *legal regulations on the use of DFI in order to manage the government debt portfolio* and internal procedures for the conclusion of ISDA framework agreements, following to conclude and execute transactions with IFD.

In order to **reduce exposure to foreign exchange risk** but also to help the development of domestic government securities market, according to the *Government Debt Management Strategy 2017-2019*, *net funding will be mainly made in national currency* (at least 70% from the budgetary deficit), aiming at a gradual reduction of the share of foreign currency debt in the total debt. In 2017, the budget deficit financing and public debt refinancing *was mainly provided from domestic sources*, by issuing government securities denominated in national and foreign currency (amounting to 41.4 billion Lei, of which 26.3% were short term, and 73.4 medium- and long-term government bonds); in addition, the budget deficit financing and public debt refinancing were provided from external sources (by issuing two Eurobonds, amounting to 2.75 billion Euro). During 1 January – 15 March 2018, considering the issue of Eurobonds on the domestic market, the deficit financing and public debt refinancing was equally provided from domestic and foreign sources.

According Eurostat first notification, **public debt calculated according to EU methodology** stood at 35% of GDP in 2017, a significant drop compared to the 2016 level of 37.4%.

According to MFP assessment, **public debt calculated according to EU methodology** will drop from 27.4% of DGP in 2016 to 35.8% of GDP in 2019; on medium term (2021), under the assumption of maintaining the ESA public deficit under the 3% of GDP threshold and of medium economic growth rates of 5.6%, public debt ratio will stand below 38% of GDP.

In order to **fight against tax planning and tax base erosion**, by GEO No 79/2017, the Government adopted specific measures against tax avoidance practices according to Directive 2016/1164¹⁸, which supplement the general anti-abuse provisions already provided for by the Fiscal Code and which set new norms on interest deductibility limitation, exit taxation and foreign controlled companies.

Considering the fact that EU institutions decided that hybrid issues must be further studied and consequently postponed the deadline for transposing the provisions on *non-uniform treatment of hybrid issues* of Directive 2016/1164 until 31 December 2019, these provisions will be transposed later in the national legislation.

¹⁷ International Swaps and Derivatives Association

¹⁸ Laying down rules against tax avoidance practices that directly affect the functioning of the internal market

Improving tax collection

The Revenue Administration Modernization Project (RAMP), carried out in collaboration with the WB, is in its fifth year of implementation, following to be finalized by 31 March 2021.

In 2017, the needs of ANAF's IT system have been assessed, leading to the establishment of the *National Centre for Financial Information (CNIF)*, which will ensure a unitary and efficient treatment of the IT field at MFP level. MFP management, together with the subordinate structures, through CNIF, is currently carrying out a thorough analysis of the IT priorities, also addressing administrative challenges.

*The Quick Wins Programme, which includes 66 short-term initiatives on improving ANAF activity on various functional areas*¹⁹ recommended within RAMP on improving ANAF's activity, continued in 2017, with 19 projects completed, focused on improving taxpayer assistance, human resources, strategic management and organization, tax inspection, personal income control, dispute resolution, communication and control.

As a result of ANAF's extensive modernisation process, the *main tax administration indicators have constantly improved*; in 2017 the degree of voluntary compliance for tax returns filing was 95.6% and the degree of voluntary compliance for fiscal obligations payment was 85.4%, both higher than 2016 figures. Also, despite the additional 1p.p. VAT rate decrease, *tax collection improved*, the budget revenues collected in 2017 increasing by 12.5% (+ 27.9 billion lei), as compared to 2016.

In order to **develop a computerized system for payment/ tracking/ checking taxpayers' fiscal situation**, by OMFP No 660/2017²⁰, natural and legal persons or other entities may choose to receive the administrative documents issued electronically by the central fiscal body by accessing the *Virtual Private Space (SPV)*; SPV users may also submit through this platform requests or other documents to MFP/ fiscal body. In 2017, the number of SPV users and the number and types of documents communicated through SVP increased significantly, while the types of documents have diversified ;by 12 March 2018, *the total number of SVP registered users reached 364,389* (of which 264,042 legal entities and 100,347 natural persons).

In order to improve its services and fight against tax evasion, MFP and ANAF initiated *PatrimVen*, a service consisting in collecting, aggregating and making available to users, in *a common database*, information on: the assets of natural and legal taxpayers in Romania, taxpayers' income, the banks where individuals and businesses have open accounts, etc. The users of this service may be individuals and public institutions that need to collect taxes and contributions.

Regarding **online payment of obligations**, OMFP No 1376/2016 extended the types of tax receivables that can be paid online by bankcards through the National Electronic Payment System (ghiseul.ro). Also, GD No 949/2017 on the approval of methodological norms for the application of GEO No 193/2002 on introduction of modern payment systems stipulated *the obligation of public institutions* collecting taxes, fines and other payment obligations, of *economic operators providing public utility services*, as well as of the *legal entities carrying out retail trade* and achieving an annual turnover above 10,000 Euro, *to accept payment by card* and electronic payment tools with remote access.

In order to ensure the payment of taxes owed by natural persons through the National Electronic Payment System, ANAF concluded a 32-month framework agreement with three commercial banks (BT, BCR, Garanti Bank); by the end of 2017, 30,858 transactions were concluded through this system.

SPV functionalities and *PatrimVen service* will be developed in 2018 too. In addition, in order to further modernise the fiscal administration activity, ANAF is considering developing a **strategy for taxpayers' migration in the electronic environment**.

In order to **fight VAT fraud**, in 2017 DGAF carried out control actions for 32,518 taxpayers, 443 notifications being submitted to the criminal investigation bodies for a loss amounting to 1,915.7 million Lei (the share of VAT in total obligations estimated in the notifications was 53.9%). During 1 January - 27 February 2018, period, DGAF carried out control actions in the case of 2,087 taxpayers and submitted 47 notifications to

¹⁹ For example merging the forms for assistance request, complaints and assessment of services; tax education in schools; optimizing the IT systems used by the internal control unit; creating a brochure with information on payments and other issues accessible to taxpayers/ users on ANAF's website

²⁰ On the approval of the communication procedure through electronic means between MFP and natural and legal persons

criminal investigations bodies for a loss of 216.1 million Lei. Regarding **cross-border VAT fraud**, four multilateral controls and one rapid change of information with the Bulgarian fiscal administration are being carried out.

Starting with 1 January 2018, Romania is the *European coordinator of Eurofisc WF 2* (Intra-community VAT fraud in the cars, boats and planes sector) for the next two years, meaning DGAF representatives provide data processing activities for data exchanged on a twice a month basis, assessments, messaging, membership management, assistance, proposals to improve the activity etc.

The efforts to *fight VAT fraud*, including cross-border fraud, will continue in 2018 by *increasing the share of DGAF controls aiming to eliminate evasion chains and “ghost” companies, monitoring road freight transport resulting from intra-Community acquisitions, using controls based on risk analysis and fast reaction in the field of trade with goods from intra-Community acquisitions and imports, increasing the use of administrative cooperation instruments in VAT field, including multilateral controls*. Also, in order to improve tax compliance, especially in VAT field, ANAF will set up a **working group which will process the data resulted from the fiscal gap analysis** and from the 2013-2016 surveys; the group will develop research with internal sources, proposing short and long-term solutions.

In order to **stimulate the issuance of receipts**, in 2017 ANAF continued its *unannounced controls* on the use of fiscal electronic cash registers in areas with high non-compliance risk, applying 12,727 fines amounting 57.1 million Lei (40% of the fines applied by DGAF) to 7,345 taxpayers for non-compliance with GEO No 28/1999²¹. During 1 January - 27 February 2018, other 326 taxpayers were fined with 2.019 million Lei. For 2018, ANAF is planning to continue the unannounced controls on the use of fiscal electronic cash registers in areas with high non-compliance risk.

The obligation to use electronic fiscal devices that can be connected to ANAF IT system will enter into force gradually starting with 1 June 2018, depending on the category of economic operators (according to GO No 20/2017). The technical requirements, which fiscal devices have to meet in order to be authorized, were published in GD No 804/2017 amending and supplementing the methodological guidelines for enforcement of GEO No 28/1999.

The procedure for connecting the electronic fiscal devices as well as the date from which they will be connected to the National Supervisory Information System will be approved by order of ANAF's president; GO No 20/2017 does not provide for a the deadline in this regard.

Last but not least, in the context of the critics concerning the Romanian tax system and its recent changes, in 2018 ANAF will elaborate a **study concerning the fiscal impact of social contributions shift from employers to employees**.

Concerning the *legislative initiative amending the tax treatment of expenditure related to non-performing exposures sold by banks*²², it aimed to reduce the impact on the tax base of these operations, given the fact that a significant amount of debts is sold at low values. In addition, during the parliamentary procedure for the approval of GO No 25/2017 by law, the provisions in question were amended, the new act stipulating for a 30% ceiling of the deductibility of net loss (the difference between the sale price and the value of the debt).

Fighting undeclared work

As a deterrence measure to tackle the under-declared work, the Government enforced the payment of social security contributions for part-time employees at the rate of the gross minimum wage²³. In addition, the amendment of the Labour Code²⁴ regulated the forms of undeclared work, the piece of legislation tightening the sanctioning regime and increasing the amount of the contravention fine.

During July 2017– March 2018, ANAF carried out control actions aimed at identifying and sanctioning non-compliance with financial and fiscal provisions and *fighting under-declared and undeclared work*; thus 327 taxpayers were audited (out of which 284 in cooperation with Labour Inspection - IM), resulting fines and

²¹ Regarding economic agents' obligation to use electronic fiscal devices

²² GO No 25/2017 for amending and supplementing Law No 227/2015 on Fiscal Code

²³ GO No 4/2017 on amending and complementing the Law No 227/2015 on Fiscal Code

²⁴ GEO No 53/2017 on amending and complementing the Law No 53/2003 - Labour Code

seizures amounting to 839,773 Lei.

In addition, during 1 August – 22 September 2017, IM conducted inspections in activity areas presumably having an increased incidence of the undeclared or under-declared work, checking out 124 employers in construction, catering and transport sectors, and security and protection services, and applied penalties amounting to 373,000 Lei. Moreover, IM found out 69 persons working without a labour contract, and one criminal offense regulated by the Labour Code as fraud due to the employment of more than five persons without concluding a labour contract. In addition, 40 sanctions were applied, out of which 27 related to work performed without a labour contract, and 13 for not submitting the labour agreements to REGES before the work start.

In the year 2017, actions carried out by IM to detect cases of undeclared work consisted of 68,995 inspections so as 5,609 persons were identified to work without concluding a legal employment document. The fines applied for the undeclared work amounted 45,658,000 Lei. The criminal prosecution bodies were notified for 114 frauds related to the employment of more than five persons without the conclusion of a legal employment document.

During 14th July – 31st August 2017, in order to *increase the information and awareness degree on the benefits of the declared work and the disadvantages of the undeclared work*, IM carried out 6,241 awareness campaigns among employers and employees, including by mass media (255 press releases and 169 radio interventions and TV appearances). Later on, during 4 December 2017 – 21 January 2018, IM activity included both information campaigns of 17,651 entities (16,778 legal entities, 28 self-directed public entities, 383 individuals and 462 sole proprietorship enterprises), and press publication of 207 articles and 109 interviews/ radio interventions and TV appearances²⁵.

In the year 2018, IM will continue to conduct inspections in areas where risks associated with the use of work without concluding a legal document or the under-declaration of salary incomes are predominant. IM will carry out information and awareness campaigns on the transformation of the undeclared work into the declared work.

In addition, in 2018 ANAF will implement a specific risk management action that involves identifying, validating, effectively and efficiently dealing with the fiscal risks of not declaring the salary tax or the contributions to the general consolidated state budget.

Banking and financial stability

In 2017 and in the first part of 2018, BNR issued legal opinions and points of view and made several observations and proposals concerning the legal initiatives on banking and financial regulatory frameworks²⁶. In fact, as a result of the opinions submitted in 2017, including those of BNR, some of the legislative initiatives impacting the banking and financial sector's stability have been rejected by the Romanian Senate – the first chamber of Parliament notified (e.g. the legislative proposal regarding the delay of foreclosure proceedings against individuals who have taken out Swiss franc-denominated loans). In order to formulate points of views, at BNR level, a number of analyses are currently being carried out on new legislative initiatives, amongst which the proposal to amend and supplement Ordinance No13/2011 on the penalty and remunerative legal interest for monetary obligations, as well as some financial and fiscal measures in the banking sector.

Also, BNR has continued monitoring developments at the credit institution level for the purpose of evaluating the consequences of a possible deterioration in asset quality. In case that financial stability being is affected, BNR will consider *macro- or microprudential intervention measures*, in order to diminish the negative effects.

Regarding *the banks' shifting focus towards business lending*, according to data recently reported by the main eight lending institutions (which as of June 2017, covered 72% of the banking sector's net assets), financing plans for the 2017-2019 period aim to increase the share of loans as part of net assets, mainly through

²⁵ Information and awareness campaign on changing the gross wage related to the transfer of social contributions from employers to employees, implementation of the derogatory provisions of the Law No 62/2011 regulated by Art. VII of EGO No 82/2017 on amending and complementing some pieces of legislation, general registry of employees and transformation of undeclared work into declared work

²⁶ These legislative proposals related to the functioning of the Romanian Development Bank – Eximbank SA, establishment, organising and functioning of the Romanian Development Bank – SA, amending GEO No 50/2010 on consumer credit contract and GO No 51/1997 on leasing operations and leasing companies

reducing balance sheet liquidity. In terms of loan structure, banks have set out to *grow their non-financial business lending at a higher rate than their household lending, focus more on lending to SMEs*, and to have a more restrained approach to retail mortgage lending.

In 2018, *BNR will continue to monitor developments in the banking and financial sector*, actively participate in public and parliamentary debates regarding legislative projects on regulatory topics which fall under its competence areas and tasks, and which might undermine judicial security and jeopardize financial stability. In this context, *BNR will provide its technical expertise required for evaluating the impact analysis of these legislative initiatives banking and financial sector*. Furthermore, it will share its opinions, observations, and proposals, while promoting solutions which will not affect financial stability and which will not generate systemic risk.

Concerning **insurance sector**, the legislation on the temporary capping of premiums for mandatory auto insurance was amended by Law No 132/2017 on compulsory insurance against civil liability for damage to third parties caused by vehicle and tram accidents, which repealed GEO No 54/2016²⁷.

In order to assess the needs/ problems of the local insurance market, in 2017 ASF developed ***an analysis of the local insurance market***. According to it, *motor insurance* (including class A3 - insurance of land transport means other than rail and class A10 - motor third party liability insurance) represents 72.4% of the total gross premiums underwritten for non-life insurance and *55.5% of the total gross premiums underwritten by insurance companies in the first half of 2017*. Underwritten premiums related to motor third party liability insurance declined by 2.4% in the first half of 2017 compared to the same period of the previous year, while A3 class underwritten premiums increased by about 7.4%.

Life insurance written premiums recorded a significant increase in the first half of 2017 compared to the same period of the previous year, up 36% mainly due to insurance classes C3 - life insurance and annuities related to investment funds (increase by 51%) and C1 - life insurance, annuities and additional life insurance (increase by 28%).

Regarding **pension system**, according to MFP estimations, the recent reduction of the contribution to the Second Pillar is offset by the increase in the gross salary, so that net transfers in nominal amounts in 2018 will remain at about the same level as compared to 2017.

²⁷ On compulsory insurance against civil liability for damage to third parties caused by vehicle and tram accidents

3.2. Public administration

Key directions:

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

The objectives of the reform in the field of *public administration* are in line with the strategic targets promoted by the *Strategy on Strengthening Public Administration 2014-2020*: efficiency, responsibility, transparency and openness to citizen. In order to achieve them, there is the need to create a slim administration, with a rapid reaction rate and pro-active, consistent in decisions, having motivated and professional human resources²⁸. For the enactment of Government endeavours aiming at a thorough reform of administration, both political will and the coordination of cooperation between the different public institutions as well as a broader involvement of stakeholders are necessary.

In order to improve the quality of public services and to stimulate local development, the Government aims **to continue the decentralization process**, respectively the transfer of new competences, accompanied by the corresponding resources, from the level of central public administration to the local public administration authorities. It is envisaged the implementation of measures to increase the legitimacy of public authorities in designing and achieving strategic economic, social and cultural objectives.

The action plan corresponding to the *General Strategy for Decentralization* is under implementation, at the CTID²⁹ meeting of 15 February 2018 being assumed measures and deadlines for the elaboration of the memoranda through which the ministries³⁰ will present the conclusions on the decentralization process for their specific field. These memoranda will be submitted to the Government by the end of June 2018. According to the ministries' conclusions on the competencies that should be transferred from the level of the central public administration to the level of the local public administration, the following steps within the decentralization process will be established.

With the same purpose of improving the quality of public services, by Q1/2019 and through a project co-financed through ACOP³¹, proposals of quality standards and, by case, of standard costs, corresponding to the decentralized public services will be elaborated for the following areas: health; pre-university education; community services of public utility; order, public safety and people's records; social security; culture, youth and sport; administration of public and private domain of the administrative territorial units. These proposals are going to be promoted through draft GD initiated by the ministries.

The Romanian authorities remain focused on the **prioritization of the Government policies and strategic planning**, as strands of action meant to enhance the Executive's institutional capacity of policy-making, communication and inter-ministerial coordination. In recent years, the Government of Romania carried out a

²⁸ *Programme for Government 2018-2020*

²⁹ *Inter-ministerial Technical Committee for Decentralization*

³⁰ MCIN, Ministry of Tourism, MM, MEN, MADR, MAP, MTS and MS

³¹ The project *Consolidation of the framework to increase the quality of public services and to support development at the local level* (code SIPOCA9)

series of initiatives and projects, financed *inter alia* by European funds, with the purpose of developing the planning system of the Government's agenda and increasing the predictability of decision-making. In this context, SGG continues to implement the *Annual Working Plan of the Government* (PALG), to *extend the strategic planning* and is about to finalize the *Strategy Unit* project.

The annual assessment report on the implementation of PALG 2017³² shows a slight improvement, when compared to previous years, by approximately 28%, in terms of compliance with planning tasks undertaken by institutions. With regard to PALG 2018, the drafting process thereof was managed by SGG in January - February 2018, with focus on the main priorities of public policies and normative acts identified by the central institutions with regulatory role. This systematizing and annual planning tool was presented in the Government meeting, representing the basis of the Legislative Programme for the current year. At the same time, PALG ensures a better coordination at Government level, as well as a higher degree of transparency in governance. The updating of PALG 2018 with the priorities for the second semester of this year is envisaged in July, while information on the state of play on PALG implementation will be periodically presented to the Government.

The activities of the project aiming to render *Strategy Unit* operational³³ are to be completed in Q2/2018. The experts of SGG and WB developed in 2017 the concept model, the operational manual and the communication strategy on this new structure. In addition, the unitary methodological framework (a methodology and a guide) for the elaboration of the sectoral/inter-sectoral strategic documents has been established, and the *strategic management* function has been strengthened at the level of the strategic unit (namely the Coordination of Policies and Priorities Directorate - SGG). At the same time, an inventory of the existing strategies was made; the latter available on SGG website and covers a wide range of reform areas (e.g. public finances, administration, justice, energy, transport, education, health, labour and social protection, etc.).

*Extending the strategic planning system at the level of ministries*³⁴ project (implementation period: 2016-2019) is another project aiming at strengthening the capacity of the institutions in the field of strategic planning and improving the decision-making. Among its specific activities, we mention: developing the institutional strategic plans (PSI)³⁵, implementing an IT monitoring tool for the abovementioned plans, approving a methodology in this area. It is worth mentioning that all the plans were completed in 2017 and published on SGG's website; the ministries are currently working to update these plans for the period 2018-2021. Monitoring the implementation of PSI (already loaded in the IT application) is based on impact, programme, outcome, and process indicators. The draft GD on the approval of the strategic planning methodology was revised in Q3/2017; however, in order to cover the *budgetary planning* component, the document will be developed jointly with MFP and resubmitted in the endorsement circuit. This process is expected to be completed in 2018.

At the same time, the Government pursues the objective of **strengthening the culture of transparency and participative governance** to ensure a wide access to information of public interest and to harmonize the consultation process in support of the decision-making transparency. In this context, within the project *Participative, Open and Transparent Governance: standardization, harmonization, improved dialogue*³⁶, a national diagnosis-assessment was carried out in 2017 and the issues which were found as uneven interpretations of the provisions restricting the free access to information of public interest or uneven practices in the organization of public consultations were clarified in a series of thematic working groups, organized in Bucharest and across the country. Moreover, a procedure to display *ex officio* the information of public interest in a standardized and open format was developed. The *elaboration of a manual of good practice* to promote a pro-active approach of the transparency principles, the development of a *public policy paper* on the directions of change in the field of transparency and open governance, the *organization of regional seminars* in order to inform and disseminate the abovementioned manual, and the set of procedures are activities planned for 2018. The implementation period of the project was extended by six months, its completion being

³² Elaborated by SGG, as coordinator of the elaboration and monitoring process of PALG

³³ *Develop the capacity of strategic programming by setting up, at the Centre of Government, a "Strategy Unit" structure type*, project funded under ACOP and carried out together with WB

³⁴ Co-financed through ESF under ACOP

³⁵ The ministries covered by the extension of the strategic planning are: MAI, MADR, MDRAP, MEN, MEc, MMACA, MM, MAP, MFP, MCI, MMJS, MS, and MT (including subordinated institutions thereof).

³⁶ Financed through ACOP

scheduled for Q4/2018.

Increasing the quality and transparency of the decision-making is also taken into account **from the perspective of the local public administration**, in order to respond to the needs of the local communities in a substantiated and coherent manner. In this respect, during 2018, MDRAP shall focus on a series of actions like: *Increasing the involvement of UATs in the process of implementing the principles of the Open Governance Partnership, as well as the involvement of the citizens in the decision-making by the local administration authorities; Developing a guide to plan and substantiate the decision-making in the local administration* (it is estimated that at least 60 UATs will implement the mechanisms and tools for planning and substantiating the decision-making process).

In order to **establish a coherent, clear and unitary legal framework for the central and local public administration**, the draft *Administrative Code* was finalized. This document comprises the proposals resulting from the public consultation process, including the observations made by the associative structures of the local public administration authorities. Since December 2017, the draft Code has been submitted to Parliament for debate and adoption. The statute of the civil servants and the legal statute of the contractual staff within public administration, the administrative responsibility, the public services, etc. are among the areas regulated by this Code.

The *elaboration of the Code of Administrative Procedure* will be carried out through a project³⁷ approved by MA ACOP in April 2017; funding thereof was conditioned by the approval of the *Integrated plan to simplify administrative procedures for citizens* by EC (a part of the ex-ante conditionality for the *public administration* sector). The elaboration of the *Code of Administrative Procedure* is foreseen for Q4/2020.

The adoption of such legal tools ensures the predictability and stability of the legislative framework, by systematizing the relevant normative acts in the field, providing an unitary terminology, enhancing citizens' confidence in the continuity of regulation, and creating a friendly environment for business.

The component *quality management in public administration* remains in MDRAP's attention. By the aforementioned project, a *methodology to assess the impact of implementing the systems and tools* specific to this component will be also elaborated. MDRAP estimates that the public procurement of the services required by the development of this methodology will take place in Q4/2018, and the deadline for completing the action is Q2/2019.

The MDRAP's initiatives regarding the elaboration of the *Local Public Finance Code* and the *Community Services of Public Utilities Code* are also aiming at optimizing the legislation.

On the 10 May 2017, the Government approved³⁸ the *Preliminary Theses of the Local Public Finance Code*. Given the complexity of the issues addressed and their importance to the local public administration authorities, the draft code was elaborated in collaboration with the associative structures of these authorities and with the representatives of the institutions included in the specialized committee assigned with the task of drafting the document.

Through the *Local Public Finance Code*, a new system for balancing local budgets³⁹ will be implemented: the optimal variant resulting from analysis, in correlation with the *Programme for Government 2018-2020*, which foresees, at the chapter *Public Administration. Regional Policies*, a measure referring to legislative changes concerning the local public administration, including reconsidering sources of funding for local budgets⁴⁰ and reviewing the mechanism of balancing local budgets with amounts from some state budget revenues.

In the process of elaboration of the code aforementioned, many observations and proposals from the associative structures of local public administration authorities and municipalities have been received; the review of such contributions and supplementary consultation within the specialized committee being also

³⁷ *Systematizing legislation, monitoring and assessing tools in public administration*

³⁸ *GD No 285/2017 on the approval of the Preliminary Theses of the draft Local Public Finance Code*

³⁹ On the basis of some socio-economic indicators and standard costs

⁴⁰ The *Programme for Government 2018-2020* provides for an increase of the income tax deductions to the local authorities, from 73% (in 2018) to 100% and the increase of the taxable mass by including the pension tax, since 1 January 2019.

necessary⁴¹. The draft of the *Local Public Finance Code* will go through the process of decisional transparency, and the new deadline estimated for its adoption by the Government is Q3/2018.

Referring to the *Community Services of Public Utilities Code*, the draft GD on the approval of its *Preliminary Theses* was elaborated and is currently submitted to the inter-ministerial endorsement circuit.

To **improve the human resources management**, the national authorities focused their efforts on finalizing, in 2017, the *review process of the legal framework specific to the management of the civil service and civil servants*. Both the new legal form of the draft law amending and supplementing the *Statute of Civil Servants* (Law No 188/1999), as well as some of the legislative solutions proposed by the draft law amending and supplementing the *Code of Conduct* (Law No 7/2004) were taken over in the *Administrative Code*. In August 2017, the provisions related to the organization and functioning of ANFP were updated by GD No 606/2017 amending and supplementing GD No 1.000/2006 on the organization and functioning of ANFP.

In 2018, ANFP will continue the activity of *monitoring the compliance with the rules of conduct by civil servants and the implementation of the disciplinary procedures*. In this context, two biannual reports shall be developed in order to increase the quality of the civil service. Another continuing commitment consists in *assessing the training needs and requirements for the public authorities and institutions in the central and local administration*. The completion of the annual report on the professional training of civil servants is scheduled for Q2/2018⁴².

To ensure a stable, comprehensive and coherent institutional and regulatory framework for the human resources, the strands of action envisaged for 2018-2020 mainly aim to *establish the primary normative framework for setting up and managing the National Electronic System for Public Administration Employment Records*, to *re-evaluate the recruitment of the civil servants (by national contest)*, to *review and supplement the normative framework concerning the Ethics Counsellor* (by strengthening his statute and mandate), to *update the legal provisions on marking off/setting the role of ANFP*. Moreover, the project *Developing a unitary management system of the human resources in public administration*⁴³ is ongoing. This project will contribute, *inter alia*, to the implementation of predictable and sustainable public policies, meant to identify the solutions for a standardized management of the different categories of human resources, the limitation of discretionary approach of the decision-making, including the improvement of the legislation on the remuneration of the public administration personnel.

The strategic directions of the Government to make the administration more effective through **professionalizing the personnel from the central and local public administration** are implemented by INA (which has become operational since June 2017). To ensure high quality public services, INA continues the professional training programmes for the different positions within administration and other persons interested, in this career path, including the *Specialized Training Programme to Holding a Civil Service Position Corresponding to the Category of High-ranking Civil Servants* (during the second semester of 2018). The tasks related to the annual approval of the vocational/specialized training offer, the organizational regulations and the specific topics belong to the *Coordination Council*, which is currently being set up (expected deadline: May 2018).

In line with the *Strategy on Professional Training for Public Administration 2016-2020*, INA is also pursuing the objective of developing the leadership programmes for the decision-makers (dignitaries and local elected officials) and for the executive management of the public authorities, institutions and services. Thus, the first training titled *Leadership Academy Programme* will be organized during June-November 2018 and it will be co-funded by the Council of Europe.

By implementing measures on standardizing the administrative procedures (the *Administrative Code*, the *Code of Administrative Procedure*), on revising the primary legislation in the field of civil servants and civil service, including measures on professional development of the personnel, the Romanian authorities actually

⁴¹ On 22 January 2018, the meeting of the specialized committee for the elaboration of the *Local Public Finance Code* took place and the version to be published on the website of MDRAP was agreed.

⁴² The professional training plans developed by the institutions in 2017 highlighted the need to introduce new fields and themes of training/specialization.

⁴³ Implementation period: 2017-2019, a project co-funded by ESF under ACOP (technical assistance: WB); beneficiary: SGG; partners: ANFP and MMJS.

provide a response to the 2017 EC recommendation (to adopt legislation for ensuring a professional and independent civil service).

In the field of **better regulation**, the steps taken for the *systematization of legislation* and for the codification initiatives assumed at Government level will continue.

In order to *control the quality of regulations*, SGG decided to set a control mechanism, through the Order of the General Secretary of the Government, a provision in this regard being included in the *Order No 1512/2017 on the Regulation on organising and functioning of the General Secretariat of the Government*⁴⁴: „(The Directorate for Coordination of Policies and Priorities)...monitors compliance with legal provisions on the preliminary impact assessment of regulations submitted to the Government for approval, regulations for which it issues an opinion.” In addition, the *GD No 21/2017 on the organization, functioning and roles of the General Secretariat of the Government*⁴⁵ foresees: “(SGG)...analyses the presentation and motivation instruments and draft normative acts, aiming to ensure the observance of the applicable procedures.” At the same time, the draft proposal on amending the *GD No 561/2009*⁴⁶ is under public consultation.

On *increasing ministries' capacity of elaborating impact assessments* (RIA⁴⁷), due to the need to complete updated statistical data and to expand the sociological research, the deadline for elaborating the two remaining impact studies under the project *Development of the capacity of the central public administration to carry out impact studies*⁴⁸ was postponed. Thus, the studies developed together with ANRE (*smart metering*) and MAI/DSU⁴⁹ (*residency in emergency medicine*) will be finalized in June 2018. The two events designed to raise awareness of decisional level on the importance of RIA are planned for Q2 and Q3/2018, respectively.

The mechanisms related to the *Integrated plan to simplify administrative procedures applicable to citizens* (mechanisms to monitor and to assess impact) will be developed through the ACOP project *Systematizing legislation, monitoring and assessing tools in public administration*, currently under contracting procedures. The conclusion of the financing contract was conditioned by the approval from the EC of the above-mentioned plan, part of the ex-ante conditionality for the field of public administration. As a result, the detailed monitoring mechanism will be finalized in Q2/2019, and the methodology for both impact assessment and data collection in Q4/2019.

In order to develop an integrated mechanism for the simplification of the administrative burden on businesses and citizens, able to facilitate their communication with the public institutions through electronic procedures, SGG is going to sign the financing contract for the project *Zero Bureaucracy*. The project also aims at operationalizing, through a unique interface, digitized public services (identified to have a high bureaucracy load) and integrating these services with other similar tools (services related to life events, government cloud etc.).

Moreover, through the same project, new methodologies to measure bureaucracy will be developed: *burden hunting* (piloting and identifying procedures to reduce administrative burdens based on findings); *regulatory guillotine* (alternative legislative simplification tool); the methodology for measuring and reducing the compliance costs.

In the area of **territorial development**, it is envisaged the participation of Romania, through MDRAP, at the elaboration process of the *EU Urban Agenda* (composed of 12 Action Plans drafted within 12 Partnerships established on different themes); on this basis, the public policy on urban development at national level will be defined. The estimated deadline for elaborating this public policy project is Q4/2019. In February 2018, a first version of the Action Plan corresponding to the Partnership on *Jobs and Skills in the Local Economy*, having as coordinators MDRAP, the city of Rotterdam (Netherlands) and Jelgava (Latvia) was drafted. The draft Action Plan will be finalized and subject to the public consultation in the summer of 2018.

The draft *Law on the approval of the Strategy of Territorial Development of Romania* (SDTR), adopted by

⁴⁴ Chapter 16, article 54, point 2, paragraph d

⁴⁵ Article 3, paragraph 1, point a

⁴⁶ *GD No 561/2009 on the approval of the Regulation on the procedures, at the Government level, for the elaboration, endorsement and presentation of draft policy documents, draft normative acts and other documents, in view of adoption/approval*

⁴⁷ Regulatory Impact Analysis/ Assessment

⁴⁸ Code SIPOCA 25

⁴⁹ *Department for Emergency Situations*

the Government at the end of May 2017, is under parliamentary adoption procedure at the Chamber of Deputies. To support the efficient and transparent programming, through SDTR principles and criteria are being established for the formulation of national investment programmes, which include a territorial level equipping component. Within 12 months of the entry into force of this strategy, the draft *Law on the development of metropolitan areas* will be elaborated and submitted to the Government, in view of establishing/ developing functional urban areas. It is worth mentioning that in order to ensure inter-sectoral correlation, as well as to quantify the territorial impact of policies and investments, the promotion and monitoring of SDTR implementation are expected.

The draft *Law on reviewing the National Spatial Plan, Section IV Localities network* was revised in order to integrate the proposals, data and observations received, and the internal endorsement process will be resumed. The Government's approval of the normative act and submission thereof to the Parliament are foreseen for Q1/2019.

Regarding the **housing conditions**, the draft *GD for the approval of the National Housing Strategy*, currently under internal endorsement procedure, will be subject to Government's approval in Q4/2018. The draft *Law on the setting up, organizing and functioning of the homeowners' associations and for managing condominiums* was approved by the Government in May 2017 and subsequently adopted by the Senate. Currently, the law is under parliamentary procedure at the Chamber of Deputies.

The *Housing law* is under elaboration and a final version of the draft law will be outlined after the approval of the *National Housing Strategy*, according to the principles and objectives undertaken by this draft law.

Regarding the **increase of the absorption capacity of European structural and investment funds, and improving management thereof**, a series of measures are underway targeting to accelerate the implementation of the operational programmes funded by the 2014-2020 ESIF, to fulfil all ex- ante conditionalities, to ensure full transparency in the implementation of European programmes and projects, to support project beneficiaries, to operationalise the ESIF information centre and its territorial network, as well as to support SMEs by using financial and territorial instruments.

In order to accelerate the implementation of the operational programmes, the accreditation process for all authorities involved in the management and control system was finalized in August 2017 and by 16 March 2018 181 calls for projects for seven operational programmes financed from ESIF (i.e. LIOP, HCOP, COMP OP, ROP, SMEIOP, ACOP, and TAOP) have been launched, amounting a total allotted budget of approximately 22 billion Euro, which represents around 79% of the total allocation available for their implementation, and 2,599 projects totalling approx. 10.9 billion Euro were contracted. Under LIOP, the prerequisites were set to ensure carrying out strategic investment in the transport, environment and energy sectors. Thus, 27 calls for a total amount of 10,747.3 million Euro (90% of the programme allocation) were launched, and 165 infrastructure projects totalling 5,927 million Euro (contracting rate at programme level reaching 50%) were contracted. The project implementation pace has accelerated, as 517 public procurement contracts (approximately 20% of the LIOP allocation) were concluded and payments to beneficiaries of 1,335 million Euro, around 11.61% of the EU allocation at programme level, were made. Through the envisaged measures, (technical assistance contracted with IFIs, training plans, specific instructions, and legislative changes), MA LIOP aims to develop the capacity of the beneficiaries and to increase the rate of preparation and implementation of the projects.

As a result of the monitoring of the fulfilment of the ex-ante conditionalities, out of the 36 conditionalities⁵⁰ Romania committed to in the *Partnership Agreement*, 34 have been fulfilled, and for the one concerning the *field of public administration* a national evaluation regarding fulfilment thereof was prepared and transmitted (to the EC) and the opinion/ confirmation letter from European officials is expected. Regarding the *waste sector* conditionality, in July 2017, the Government adopted an action plan with strict deadlines (the deadline for the full implementation of this plan is January 2019).

In order to ensure full transparency in the implementation of European programmes and projects, relevant information on the state of implementation of the 2014-2020 ESIF is available on the websites of the

⁵⁰ Seven general and 29 thematic ex ante conditionalities

institutions managing European funds. By the end of March 2018, 183 applicant guides (both final and under public consultation) were published.

Throughout 2017, support to beneficiaries of projects funded from European funds was ensured by developing new procedures agreed in the context of accrediting management and control authorities, as well as training the beneficiaries. Thus, at the TAOP level, 370 beneficiaries were trained at the local level on the enforcement of the state aid legislation, 480 MIA local and central staff has been trained on accessing and implementation of COMP OP and LIOP⁵¹ projects and 297 LIOP beneficiaries were trained under the Service Agreement between the MFE and the EIB on public procurement, cost-benefit analysis, control standards, infrastructure contract management, railway reform. By the end of 2017, 5,578 persons were trained within joint sessions with the ROP management structures (MA/IB).

Likewise, MA ACOP organized a series of information and communication events for potential beneficiaries/beneficiaries, including central and local public authorities and institutions. Thus, between May and October 2017, there were 17 communication events attended by 505 persons: eight caravan type events in each of the eight development regions⁵² and nine workshops in Bucharest⁵³. The caravan events addressed information regarding the type and interventions supported from ACOP, discussing the problems faced by beneficiaries and potential beneficiaries in various stages of project development; the workshop-type events were carried out on specific themes of project implementation, focusing on public procurement procedures, drafting reimbursement requests, monitoring indicators, irregularities and communication issues. Based on completed evaluation questionnaires, the participants appreciated as strengths of these events the direct interaction with the representatives of the MA ACOP, the presentation of concrete examples/ case studies, the good structure of the information and the reporting of the errors identified at the projects level. In addition, MA ACOP organized a major communication event attended by 95 beneficiaries and potential beneficiaries (representatives of central, local public authorities, associative structures, civil society and academia). The event aimed to promote programme results, new initiatives at ACOP level and complementarity with other programmes.

As a result of the re-establishment and reorganization of the MFE, a project implementation unit will be set up to manage the ESIF information centre in order to operationalize both the centre and its territorial network. The financing proposal for the first component - the national centre - was approved by the MA TAOP, and as for the second component - the regional network of information points - the process of public selection of the partner is ongoing. The identification of experts for the national centre will be carried out after the reorganization of the MFE. Following the partner selection, the proposal for the territorial network will be submitted, and the 40 county points will be operational. The new estimated deadlines for the completion of the national centre and the territorial network are Q2/2018, respectively Q3/2018.

The financial instruments financed from ESIF support improving access to financing for SMEs. Thus, for the implementation of SMEIOP, financial agreements have been signed with eight financial intermediaries (banks) that have already started to provide uncapped guarantees for SME loans. By mid-March 2018, 206 SMEs were already supported⁵⁴. The COMP OP will support access to finance for innovative enterprises, which are active in the smart specialization sectors identified in the National Strategy for RDI 2014-2020. In this respect, the financial agreement with the EIF that will ensure the management of the funds as a Fund of Funds was signed and the financial intermediaries were selected. The ROP will use an equity instrument (venture capital) to support SMEs who are in advanced development phase. The ERDF allocation is 50 million Euro, plus the EIF contribution of 25 million Euro, which is private contribution. On 25 October 2017, the calls for expressions of interest were published, and 28 offers were submitted by January 2018, which demonstrates the interest in this type of financial instrument. Currently, the manager funds selection procedure is ongoing.

⁵¹ 100 persons in project management field, 100 persons in accessing European funds, 80 persons in public procurement, and 200 in the fields of training in the elaboration of economic and financial analyses, development of feasibility studies, project management, resource management, internal control of implementation, risk management, process and flow management, IT services management and security management.

⁵² With the participation of the MA representatives, the mayors and county councils, the experts from the departments for European funds from the local public institutions, as well as the representatives of the local mass media

⁵³ Attended by representatives of central public authorities and institutions (ministries, autonomous administrative authorities)

⁵⁴ Source: <https://www.eif4smes.com>

In order to increase the absorption capacity of European funds, measures to monitor the launch of project calls and accelerate contracting and payment processes will continue to be taken, as well as the operationalization of the ESIF information centre and its territorial network, issuing guidelines for the beneficiaries and training thereof (including on public procurement issues), the simplification of the project implementation procedures, and the standardization of required documents by involving all relevant stakeholders. All these measures will contribute to accelerate the implementation of operational programmes funded by the 2014-2020 ESIF and to ensure a complete transparency of the implementation of European programmes and projects.

In order to **streamline the use of e-government solutions**, it is envisaged to strengthen the institutional capacity of public authorities through the development of the e-Government tools for the citizens and business environment including a vision on the guidelines in e-Government. In this respect, MCSI together with SGG implements the project *Establishment of the framework for the development of e-Government tools (EGOV)*⁵⁵ due to be completed in the second semester of 2020. The project financed by the ESF⁵⁶ aims at: (i) reducing the fragmentation and clustering public electronic services in the form of life events concept, according to the objectives set in the *Digital Agenda for Romania*; (ii) ensuring legislative, institutional, procedural and operational framework for the use of e-Government tools. The procurement contract, consultancy services for elaboration of surveys, analysis, assessments and training on e-government was concluded in February 2018.

To ensure an integrated coordination of e-government interventions, at the central public authorities it was agreed the establishment of a Steering Committee⁵⁷ headed by the SGG in which are involved all institutions responsible for the implementation, management and operation of the electronic public services related to the life events. The EGOV project will provide a public policy proposal in e-government for which the SGG will supervise the process from the methodological and technical points of view and will coordinate the public consultation procedure.

In order to promote and support the delivery of public services through *the improvement of the efficiency of due electronic operations*, the *National Interoperability Framework (NIF)* was established in accordance with the GD No 908/2017⁵⁸. The NIF will ensure full interoperability between future public sector systems in line with the guidelines of the European Interoperability Framework and equally will take into account both the semantic interoperability of information systems from public administration (including the projects under implementation) and cross-border interoperability with the UE and international systems. The main outcome of the implementation of the NIF is a reduced number of the redundant data sources in public administration as well as an enhanced capacity to provide inter-institutional data by using standard data formats.

The efforts of the Romanian authorities on implementing the **reform of the public procurement system** continued in 2017, with progress being recognized by the EC both in the Country Report and by lifting the ex-ante conditionality in the field in March 2018. However, the *national strategy in the field of public procurement (SNAP)* has not been completely put into practice, further efforts being needed in this respect, as well as for ensuring the sustainability of the reforms. As a result, the Government will take action **to fully implement the strategy**, the fulfilment of its measures being constantly monitored in order to swiftly bring remedy to the possible bottlenecks.

The progress achieved in 2017 for several actions of the strategy was mainly due to the implementation of the project *Enhancing the administrative capacity of ANAP and of the public institutions with responsibilities in the implementation of the National Strategy on Public Procurement*⁵⁹, co-financed by the ESF, through the ACOP.

In order to better monitor and evaluate the way of functioning of the public procurement system, *new relevant indicators* will be developed through the abovementioned project. For this purpose, the awarding documentation has been finalized and submitted for validation in Q1/2018, and the procedure for the award of the public service contract will be carried out in Q2/2018.

ANAP will continue to focus on the implementation of measures to strengthen the administrative capacity of

⁵⁵ Cod SIPOCA 20

⁵⁶ The total allocated budget is about 19 mil. RON

⁵⁷ The Prime-minister's Decision No 169/2018 on the establishment of the e-Government steering committee

⁵⁸ For the approval of the *National Interoperability Framework*

⁵⁹ Code SIPOCA 45, with an implementation period of 32 months. On 27 February 2017, ANAP signed the financing contract with MA ACOP.

the contracting authorities. Thus, in order to provide support in carrying out the award procedures, the first two stages⁶⁰ of the *online interactive operational guide* were finalized, the completion of the other two stages being foreseen for Q2/2018 and respectively, Q2/2019, as planned.

For the *professionalization* of persons responsible with public procurement activity, the functions *public procurement counsellor* and *public procurement system counsellor* were introduced in the draft law on the *Administrative Code*, currently under debate in the Senate. Until the end of 2018, the public policy document on professionalization in this field⁶¹ will be finalized. The document includes among other measures the development of a standard training curriculum for the staff responsible with public procurement within the contracting authorities of Romania.

The setting up of the centralized public procurement body (UCA) for the central public administration, subordinated to the MFP, is foreseen for the first half of 2018. The draft law on the setting up of UCA will be reviewed, following the submission of comments by MFP on 15 March 2018. The analysis of the opportunity of setting up UCA for the central administration and consortia/ UCA at regional level were elaborated, and the *Analysis⁶² of the opportunity and feasibility of centralizing public procurement at regional level by establishing associations of contracting authorities or setting up centralized procurement units* is in the final review stage.

In order to make the *ex-ante control* more efficient, in 2017 a series of activities⁶³ were carried out, including the elaboration of the specification on the technical assistance for the IT pilot field; the ANAP President Order No 141/2017⁶⁴ and the *Memorandum on the transformation of ANAP findings following ex-ante control in legally binding decisions for controlled contracting authorities/ entities⁶⁵* were approved. GEO No 98/2017⁶⁶ was adopted, and the draft GD on the approval of the methodological enforcement guidelines of the GEO No 98/2017 were under public consultation and are going to enter the inter-ministerial endorsement circuit. In addition, appropriate models and methods that can be used by the contracting authorities in implementing the management control system⁶⁷ have been developed. The improved electronic platform SEAP⁶⁸ became operational on 2 April 2018 according to the announcement posted on the website of AADR⁶⁹.

For preventing conflicts of interest in the public procurement procedures, the Prevent information system was launched in June 2017. Also in 2017, a *Guide for the contracting authorities regarding the conflicts of interest⁷⁰* and the *checklist of the conflicts of interest in the public procurement process* were elaborated within the SIPOCA 45 project and published on ANAP's website. In addition, the *Code of ethics* for the persons designated to carry out preventive financial control⁷¹ and the *Guidance to strengthen the own preventive financial control in the field of public procurement⁷²* were elaborated, training sessions on this topics being organized between June and August 2017.

A new course of action is *the promotion of green public procurement*, the elaboration of a green procurement guide being scheduled by the end of 2018. The guide will cover the minimum environmental protection requirements groups of products and services, demanded at the level of technical specifications.

⁶⁰ The first stage of the guide was completed in December 2016, and the second one in October 2017.

⁶¹ The public policy document is under development, with a working group being set up for this purpose.

⁶² Elaborated based on SEAP data, the experience of other states on the centralization at regional level, as well as of models of functioning of some centralized procurement units existing in other EU Member States.

⁶³ Elaborating the sampling methodology (operational procedure, transitional computer program and selection algorithm); establishing the internal ex-ante verification structures and flows; finalizing the checklists and support guides on sub-components.

⁶⁴ *Order of the President of ANAP No 141/2017 on the approval of the selection methodology and the modality of interaction of contracting authorities/ entities in relation with the intention of modifying the public procurement contracts/ framework-agreements, respectively the sectoral contracts/ framework-agreements, under the conditions stipulated in art. 221 para (1) letter c) of Law No 98/2016, and art. 238 of Law No 99/2016*

⁶⁵ Memorandum approved in the Government meeting of 5 October 2017

⁶⁶ *GEO No 98/2017 on the ex-ante control function of the award of public procurement contracts/ framework agreements, sector contracts/ framework agreements, sector contracts/ framework agreements and works concession and services concession contracts*

⁶⁷ *A Guide on the implementation of the managerial internal control standards in public procurement* and three *Guidelines on implementing internal control standards* by the small, medium and large contracting authorities

⁶⁸ A demo version of the improved electronic platform SEAP is available online at <http://sicap.e-licitatie.ro/pub>

⁶⁹ The announcement can be accessed at: <https://www.e-licitatie.ro/Public/Common/Content.aspx?f=PublicHomePage>

⁷⁰ http://anap.gov.ro/web/wp-content/uploads/2017/03/CoI-Guide-Final-Version-17082017-agreed-with-ANAP-TT_v1.pdf

⁷¹ http://anap.gov.ro/web/wp-content/uploads/2018/03/Ghid-Control-Intern_08.02.2018.pdf

⁷² <http://anap.gov.ro/web/wp-content/uploads/2017/08/Ghid-CFPP-ver14July17-final.pdf>

At the same time, the Government continues its efforts to reform the judiciary and fight corruption; in this context, the measures mainly focus on the idea of dialogue, access to justice, efficiency and quality, unitary practice, independence and accountability. In terms of combating corruption, it is recognized that Romania has a solid anti-corruption legal framework and the track record of the judicial institutions fighting this phenomenon was maintained in 2017⁷³. During December 2017, the Senate, as a decision-making chamber, adopted the laws package amending the justice laws⁷⁴ (parliamentary initiatives), but ICCJ⁷⁵, as well as two groups of Members of Parliament, referred to CCR⁷⁶ (within the control procedure before the promulgation). CCR decided on the objections of unconstitutionality of some provisions of the three laws by the Decisions No 33/23 January 2018, No 45/30 January 2018, No 61/13 February 2018. By its Decision of 21 February 2018, CCR rejected, as inadmissible, the objection of unconstitutionality raised by a group of deputies. On 26 March 2018, after the reviewing process, the three justice laws were adopted. Subsequently, a group of deputies, as well as ICCJ, filed unconstitutionality petitions. On 19 April 2018, CCR partially admitted the objections of unconstitutionality raised against the *Law amending and supplementing Law No 303/2004 on the Statute of Judges and Prosecutors*. The provisions declared unconstitutional will be re-examined to make them consistent with CCR decision. The objections of unconstitutionality regarding the *Law amending and supplementing Law No 304/2004 on the Judicial Organization* and the *Law amending and supplementing Law No 317/2004 on the Organization and Functioning of the Superior Council of Magistracy* were dismissed as ungrounded.

In order to **reduce and prevent corruption at all levels of the administration**, the national authorities further focus on *monitoring the implementation of the objectives of the National Anticorruption Strategy (SNA) 2016-2020 and carrying out institutional support activities* to put it into practice. As part of the monitoring process, the central public institutions participate in the SNA platform meetings and the peer review mechanism, and send regular reports to the Technical Secretariat. It is worth mentioning that the financing contract for the project *Strengthening the Administrative Capacity of the Technical Secretariat of SNA to support the implementation of the anticorruption measures* was signed in November 2017 (with MA ACOP). Activities such as thematic evaluation missions, anticorruption conferences, evaluation of the legislation on the protection of whistle-blowers, generating an index of the institutional integrity for those vulnerable sectors identified in the strategy, etc. are being considered during this project⁷⁷.

For a higher degree of transparency, ethics and integrity, *monitoring of the elaboration of the integrity plans of the public enterprises* also continues in 2018. Thus, by 15 March 2018, the Technical Secretariat of SNA centralized 71 plans and 98 adhesion statements to the strategy values. The annual report on the implementation of SNA 2016-2020 harnessed the received data. In March 2018, this report was finalized and presented within SNA cooperation platforms of 18-19 April 2018. Also, the strategic objective of joining OECD (including the *Anti-Bribery Convention* and the *Working Group on Bribery*) remains in the attention of the Government. The activities stipulated in the *Roadmap for strengthening Romania's cooperation with this group* are meant to improve the legislative and institutional framework for combating corruption. In December 2017, the *Inter-Ministerial Committee for the Coordination of the Relations with OECD*⁷⁸ proposed to set up a working group⁷⁹ to identify a legislative solution concerning the voluntary contributions of the Romanian authorities to OECD budget, in order to fund the joining process to the *Working Group on Bribery*, inclusively. The expected deadline for completing this measure is Q1/2019.

In terms of **implementing SNA 2016-2020 by the local public administration**, for 2018-2019, MDRAP aims at *increasing the implementation level of the measures to prevent corruption and of the assessment indicators*, as well as of the *awareness degree of the corruption effects at the staff level from the local administration*, and at *improving the knowledge and skills of the local authorities staff in order to prevent corruption*.

⁷³ Country Report Romania 2018, Brussels, 7.3.2018, SWD(2018) 221 final

⁷⁴ Law No 303/2004 on The Statute of Judges and Prosecutors, Law No 304/2004 on The Judicial Organization, Law No 317/2004 on The Superior Council of Magistracy

⁷⁵ High Court of Cassation and Justice

⁷⁶ Constitutional Court of Romania

⁷⁷ 22 months starting from the conclusion of the Financing contract.

⁷⁸ Advisory body, headed by a national coordinator, which is designated by the Prime Minister (Decision No 79/2018).

⁷⁹ Consisting of representatives of SGG, MFP, MEc. and MJ.

3.3. Business environment and competitiveness

Key directions:

- ✓ Creating a favourable environment for public and private investments
- ✓ Developing the sectors with growth potential
- ✓ Increasing the performances of public enterprises

3.3.1. Creating a favourable environment for public and private investments

Creating a favourable environment for public and private investment is a priority of the Romanian Government. Thus, the Prevention **Law No 270/2017**, which aims at preventing the automatic application of sanctions for offences has been adopted. In addition, GD No 33/2018 on setting contraventions falling within the scope of the prevention Law No 270/2017 as well as the model of the remedial plan thereof, have been adopted.

Regarding the **regulation of lobbying**, a draft law was drawn up and it is currently on the inter-ministerial endorsement circuit.

In order to **increase business accessibility to services provided by public authorities to support them throughout their lifecycle**, the *simplification /optimization of procedures that support SMEs/ businesses throughout their lifecycle*⁸⁰ continues, as follows:

- **Simplifying the procedures for obtaining the building permit:** two projects for the amendment of the normative framework in the field of urbanism and constructions are being promoted: *the draft law amending Law No 350/1991 on the spatial planning and urbanism and the draft Law on the authorization of construction and construction dismantling works*. The draft normative acts take over the provisions of GEO No 100/2016⁸¹ and will include regulations to accelerate building authorization procedures, e-Government systems in the field of urban planning and building authorization, so that receipt of documentation, issuance of urban/building permits can be operated through the portal <http://www.edirect.e-guvernare.ro>.

In order to increase the quality of the normative and methodological framework in this field⁸² with an impact on the business environment and the citizens, the streamline of process and information flows is being pursued through the project *Systematization of legislation in the field of spatial planning, urbanism and constructions and strengthening of the administrative capacity of the specialized structures of the central public institutions with responsibilities in the field*, accepted for ACOP funding and currently under contracting stage. The budget of the project is about 12 million Lei and it will be implemented between 2018 and 2020. The main result of the project will be the *Code for the Spatial and Urban Planning and Constructions*.

As a result of the systematization of legislation, and the development of technical procedures, it is expected that the vulnerability to corruption shall decrease; at least 3 procedures in urban planning will be simplified in order to reduce the deadlines for obtaining the permits related to urban planning documents by at least 30%, and the time needed to obtain the building permit by 25%.

- **Improving cadastral activity:** to this aim, the ANCP, by its own budget, pursued the systematic registration process of real estates⁸³ in the *Integrated System of Cadastre and Land Book*. By 23 March 2018, about 11 million real estate units (27.29%), out of a total of 40 million estimated at national level were registered in the electronic system. In addition, the implementation of the second stage of the *National Program for Cadastre and Land Book* (NPCLB) continues, and it contributes to applying the Government's policies designed to support the farmers and the Romanian agriculture's development. NPCLB is implemented according to GEO No 35/2016, which regulates the allocation of funds for local authorities' budgets by the ANCP in order to ensure financing/ co-financing of the systematic registration

⁸⁰ Better Regulation Strategy 2014-2020

⁸¹ Rejected by the Romanian Parliament

⁸² Measure 11 of the Integrated Plan to simplify administrative procedures applicable to citizens

⁸³ Until 23 March 2018, out of 40 million real estates estimated at national level, about 11 million real estate units (27.29%) were registered in the *Integrated System of Cadastre and Land Book*, of which 714.253 real estate are provided by the systematic registration process.

process of real estates, initiated by UATs. At the same time, the phased project, funded through the COMP OP 2014-2020 and totalling 34.5 million Lei, is being implemented and it aims to update the methods of data collection, evaluation, analysis and reporting from the *National Agricultural Register* using the information technology. During 2017, for the purpose of speeding-up the systematic registration process of real estates, and facilitating the implementation of the projects and programmes designed to develop the national and local infrastructure, some amendments were made to the relevant legal framework, namely GD No 294/2015 on the approval of NPCLB 2015-2023. Thus, through GD No 404/2017 it is envisaged the introduction of the unique prioritisation criteria of UATs in order to ensure the registration of the zones covered by these national objectives as well as the Interministerial Committee for the application of the above-mentioned criteria and ensuring the coherence and the efficiency of the NPCLB at national level was established. Moreover, GD No 788/2017 on the completion of the GD No 294/2015 which refers to *The internal rules and regulation of the Interministerial Committee* aforementioned was adopted.

At the same time, there have been some developments⁸⁴ in the project titled *Improving the coverage and inclusion level of the registration system of real estates from Romania's rural areas* as part of Priority Axis 11 of POR 2014 - 2020 (totalling 1.412 million Lei). The application for this project was submitted through the MySMIS system and, to obtain a quality assessment, on 22 December 2017 it was also sent to JASPERS⁸⁵ IQR Brussels. Subsequently, some clarifications were transmitted at JASPERS request, and the latter opinion on the project will be issued.

The online payment system through which the individuals and businesses can obtain the land book excerpt for information purpose was implemented. The draft law on amending and supplementing the Law on cadastre and real estate publicity No 7/1996 is currently being elaborated.

The implementation⁸⁶ of the activities foreseen in the *Action Plan for the development and updating of the national infrastructure for spatial information in Romania*⁸⁷ continues and allows the loading of geospatial information into the system.

- **Business insolvency:** during 2017, the number of the openings of insolvency proceedings registered in the insolvency proceedings bulletin increased by about 4% compared with the previous year⁸⁸. At the same time, in 2017 the removal⁸⁹ of 9,619 debtors from the registers in which they were registered (of which 9,588 debtors registered in the Trade Register) following the closing of the bankruptcy proceedings was ordered. For comparison purposes, in 2016 there were removed 11,483 debtors (of which 11,432 debtors registered under Trade Register) and thus a 16% decrease was recorded during 2016 and 2017. Following the entry into force of Law No 151/2015, on 1 January 2018, the insolvency procedures concerning natural persons (consumers) became operational aiming at recovering the financial situation of the debtor - natural person who acted in good faith, in order to be gradually discharged by debt. MJ and ONRC intend to assess the insolvency reform implementation in particular in terms of duration and efficiency of the judicial reorganization procedure, in consultation with the stakeholders (i.e. courts, insolvency practitioners) involved in procedures along with the main stakeholders (i.e. budgetary creditor, financial creditors, utilities suppliers and representative associations of the business environment).
- **Registration of enterprises:** to facilitate this process, the ONRC portal online services⁹⁰ has become operational (since February 2012) and uses, at national level, an integrated IT system designed to generate benefits for both users (citizens and business environment) and public administration. Starting with February 2017, 20 registration taxes have been cut which led to both an increase of 36.76% of the registered trade professionals within the Trade Register, during February 2017 and 31 January 2018 (compared with

⁸⁴ MA ROP has achieved administrative compliance and project eligibility.

⁸⁵ Joint technical assistance to support projects in European regions provided by the European Commission, the European Investment Bank and the European Bank for Reconstruction and Development

⁸⁶ On 29 December 2017, the technical rules for the spatial data sets on public utilities

⁸⁷ Approved by GD No 38/2016

⁸⁸ *Between 1 July 2014 – 15 March 2018, according to BPI, 19,997 bankruptcy proceedings were solved (general procedure and simplified procedure).*

⁸⁹ *Between 1 January 2017 and 31 December 2017, the total number of professionals cancelled from the Trade Register was 82,295, compared with 109,133 in the same reference period of 2016 i.e. a 24.58% downturn.*

⁹⁰ The result of the *National Trade Register Office - ONRC on-line (e-government) project for the business community through a dedicated portal*

the period between 1 February 2016 - 31 January 2017), and a 81.67 % decrease⁹¹ in terms of registration costs for the same reference period.

In order to identify *new solutions for further simplification of the business start-up procedure*, consideration will be given to the achievement of an assessment of the administrative burdens related to that procedure, by the end of the Q3/2018. The registration procedure with the Trade Register is currently unitary and carried out within one working day from the application date and the documents required according to the relevant law are issued within 3 working days from the date of application. Thus, given the above-mentioned aspects, it results that the differences in terms of duration of the business start-up procedure stem from some administrative burdens prior or subsequent to the registration process. In addition, particular attention will be paid to the adoption of a legislative measure designed to regulate the registrar profession in the Trade Register. Thus, according to the PALG 2018, the adoption by the Parliament of the draft Law *on registrars of registry and registration activity in the trade register* is envisaged for Q4/2018. To increase the access of Romanian companies to information about partner companies from EU Member States within the e-justice platform the operationalization of the interconnection with the trade registers of the Member States is almost completed (Q2/2018) as a result of the project implemented through the European programme *Connecting Europe Facility* totalling 547,000 Euro.

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

Thus, to increase the level of using the e-governance system, through COMP OP 2014-2020⁹² support is provided for *strengthening and ensuring the interoperability of the electronic systems designed to e-Government services* type 2.0 focused on life events of citizens and business, the development of the governmental cloud computing and social media communication, and of *Open Data and Big Data* (Measure 2.3.1) benefiting from an ERDF allocation of approx.. 202.9 million Euro. Three projects⁹³ are currently being implemented and new calls for proposals were launched on 27 December 2017 for e-government and interoperability section totalling 50.68 million Euro and on 6 February 2018 for e-government and life events totalling 25 million Euro.

To *ensure the coherence of the policy adoption process regarding digitization*, a better coordination among the relevant institutions is envisaged. Thus, the AADR is now under the direct coordination of the MCSI as stipulated in GEO No 1/2018 on the approval of some reorganization measures in the central public administration and the amendment of some normative acts. The AADR will manage the mechanism established to ensure the operability of the information systems designed to life events.

As regards the *setting up of a national cybersecurity system* (SNSC), this field will be regulated in the near future. Referring to the transposition into the national legislation of the Directive (EU) 2016/1148 concerning measures for a high common level of security of networks and information systems across the Union, the relevant law project was approved by the Government on 4 April 2018 and it is currently under parliamentary approval procedure.

The COMP OP 2014 - 2020 provides support for the activities designed to *ensure the cybersecurity of the TIC systems and networks*⁹⁴, the allocation being about 30 million Euro.

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

⁹¹ This reduction refers only to the registration fees in the Trade Register, and not to the fees of publication of certain documents provided by the law in the Official Journal of Romania, Part IV and VII and which, starting with 1 April 2017 were increased according to the GD No 156/2017

⁹² Priority axis 2 of the COMP OP supports systemic interventions at national level in the field of information and communication technology to meeting the needs of citizens and the business environment.

⁹³ Modernization of the methods for collecting, evaluating, analysing and reporting the data from the National Agricultural Register using the information technology, Phase II - Beneficiary: ANCP; 2. Collaborative Information System for Performing Public Procurement Environment SICAP, Phase II; Beneficiary: AADR; 3. SII Analytics - The information system for the integration and exploitation of the large volumes of data; Beneficiary: SRI, CC

⁹⁴ Activity 2.3.2 from COMP OP

system for a performing informational system (SIMSIP) is under contracting stage. The project's main objective is to support the institutional reforms for carrying out a unitary quality and performance management system that encompasses procedures and mechanisms of coordination and consultation with relevant stakeholders on the implementation, monitoring and evaluation of the policies and strategies provided by the MCSI. Another objective of the project is to systematize the existing legal framework regulating and with impact on the investments in extending the next generation networks (NGN). The eligible allocation for this project is around 8 million Lei and it is provided by ACOP.

In order to *increase the consumers and retailers' confidence in e-commerce on the national market*, the MCSI will continue until Q1/2019 the implementation of the project *Improving the required rules, procedures and mechanisms for MCSI to further develop the e-Commerce sector (ECOM)*, funded from the 2014-2020 ESF and amounting to 4.33 million Lei. The project's objective consists in the elaboration of: *a public policy proposal in the field of e-commerce in partnership with the institutions playing a regulatory role in this field*, including an ex-ante evaluation of the public policy proposal; an exhaustive analysis of the current regulatory framework in the field of national e-commerce; an impact analysis on the need to create/ designate an authority for on-line stores certification; an action plan for e-commerce to be implemented by 2020. Moreover, two implementation mechanisms⁹⁵ will be set up and training sessions will be held on e-commerce with public administration representatives to develop the required skills to manage this field. The public procurement procedure for consultancy services on surveys, evaluations and training in e-commerce was completed in February 2018 and on 6 March 2018, MCSI signed a contract on the provisioning of the above-mentioned services.

In order to *support the use of ITC in business development*, in particular the e-commerce framework, the MCSI will launch in Q3/2017 calls for proposals for investment projects to develop online transaction tracking infrastructure and to ensure an optimal online trading environment. The budget allocated for these calls is 4 million Euro through COMP OP. The preparation of the Applicant's guide and launching of the call for projects depends on the completion of the above-mentioned project, titled *Improving the required rules, procedures and mechanisms for MCSI to further develop the e-Commerce sector (ECOM)*.

For **increasing the competitiveness of enterprises**, based on OECD recommendations resulting from the completion of the project *The impact assessment of the regulations in force in three key sectors of the Romanian economy*⁹⁶ on the competitive environment, during 1 January 2017 - 15 March 2018, six normative acts were adopted to remove 19 barriers (out of which 15 in the transport field). By the end of 2018 another 88 barriers will be removed by amending/ supplementing other 45 normative acts.

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

In order to support SMEs' access to credit, the *Small and Medium Enterprises Support Program - IMM Invest Romania* was approved by GEO No 110/2017, through state guarantee of 50% of the investment credits and/ or of the credit lines for the financing of the working capital; the methodological enforcement guidelines of this act are being elaborated, at the same time by taking over the comments made by the parliamentary committees on this initiative.

In order to **increase SMEs' access to loans and guarantees** from 2014-2020 ERDF allocations (totalling 100 million Euro), the implementation of the uncapped guarantee instrument carried out by SMEIOP has begun, and 2,500 SMEs will be financially supported. Based on the Financing Agreement between MDRAP/ MA SMEIOP and the EIF signed on 20 October 2016, operational agreements were selected and signed with eight financial intermediaries (selected to implement SMEIOP), and by 30 September 2017 loans were granted to 207 SMEs. In addition, with the help of state budget allocations/ attracted sources, the implementation of national programmes continued in 2017 as follows: *the SME Guarantee Programme for SMEs 2013-2016* and the *Romanian-Swiss SME Programme 2014-2019*, through which there were supported 331 SMEs and the total amount of guarantees granted reaching 6.46 million Lei, and thus creating/ maintaining 5,350 jobs.

⁹⁵ One for the coordination between MCSI and institutions involved in e-commerce, and another one for the cooperation with stakeholders

⁹⁶ Construction, agro-food processing and transport sectors

Through the implementation of the **Start-Up Nation Romania programme**, 8,444 financing contracts were signed, encompassing 20,947 new jobs created.

As a result of the adoption of a legislative package on stimulating private capital investment, actions to support SMEs will continue, including by amending the *Law No 120/2015 on stimulating investors - "business angels"* and *Law No 102/2016 on Business Incubators*.

Through COMP OP, the innovative businesses are supported, including through financial instruments. Thus, in September 2016, the Financing Agreement with the EIF was signed, which created a Fund of Funds in the form of venture capital (50 million Euro from the ERDF and 9.3 million Euro national funding) and the selection procedure for financial intermediaries took place. For the venture capital instrument (accelerators and seed funds), at the end of 2017, the Operational Agreement with the *GapMinder* Fund Manager was signed for half of the venture capital allocation (22 million Euro plus 4 million Euro private contributions). For the other half, the qualitative evaluation of a financial intermediary placed on the reserve list is ongoing. For the risk-sharing credit facility, at the end of 2017, the Operational Agreement with ProCredit was signed for the full allocation of 15.15 million Euro (a portfolio of 30.3 million Euro, including the bank's contribution).

3.3.2. 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**⁹⁷ are funded by stage budget and ESIF 2014-2020.

In order to achieve the objectives of the *National Competitiveness Strategy (NCS)*, by Q2/2018 the following documents will be developed within a project funded through ACOP⁹⁸: *Romania's Economic Atlas (AER)*, as a tool to be used in the process of substantiating evidence-based public policies, *Romania's Industrial Policy Document by 2020* which will set priorities and strands to reindustrialize the Romanian's economy, and a *system for monitoring and assessing the impact (at all stages) of public policies with impact on industrial policy*. So far, the system of developing, monitoring and assessing the impact (at all stages) of public policy-based evidence has been completed; seven *ex-ante analyses* of the specific objectives for the elaboration of the industrial policy document have been finalized, and the specifications for the achievement and implementation of the AER required is under inter-institutional endorsement procedure.

In order to increase the competitiveness of SMEs in competitive sectors identified in the NCS and the Regional development plans, the *investment projects of micro-enterprises in the urban area* will be financed through ROP by a total budget of 1,056.5 million Lei. At the same time, *approximately 400 SMEs will be supported for the creation and extension of advanced production capacities and services development*⁹⁹, corresponding to an allocation of 872 million Lei.

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

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

Thus, from the start of the NRDP, 128 contracts totalling 112.05 million Euro were signed to *support investments in the processing/ marketing of agricultural products*¹⁰⁰ (including the GBER scheme), plus 83

⁹⁷ The competitive sectors identified in the NSC are: tourism and eco-tourism; textiles and leather goods; wood and furniture; creative industries; automotive industry and components; TIC; beverage and food processing; health and pharmaceuticals; energy and environmental management; bio-economy.

⁹⁸ The project *Development of institutional capacity of the Ministry of Economy* - SIPOCA7 code, totalling 9.9 million Lei.

⁹⁹ Investment Priority 2.2, ROP.

¹⁰⁰ Sub-measure 4.2: Support for investments in the processing/ marketing and/ or development of agricultural products

contracts transferred from NRDP 2007-2013. In connection with the call for applications session opened in 2017, the project selection process is ongoing, with 20 projects totalling 23.51 million Euro being selected so far. Also, three projects have been selected so far for the *Danube Delta ITI territory*, and other projects will be selected in the future.

To support the processing/ marketing investments of the fruit sector products (including the GBER scheme), 10 contracts amounting to 4.31 million Euro were signed. Also, nine projects totalling 4.46 million Euro were selected from those submitted during the call for proposal session launched in 2017.

As regards investments in agricultural holdings¹⁰¹, 1,284 contracts totalling 499.47 million Euro were signed, and 140 contracts were taken over from NRDP 2007-2013 (amounting to 34.38 million Euro). The process of selecting the projects submitted in the 2017 session is underway, 126 projects (totalling 83.59 million Euro) were selected and 85 projects (totalling 42.95 million Euro) were contracted. As for projects dedicated to *ITI Danube Delta*, out of the total 133 applications submitted, 18 projects totalling 11.58 million Euro were selected for funding and 10 projects totalling 4.28 million were contracted up to date.

With regard to investments in fruit holdings¹⁰², 112 contracts amounting to 51.34 million Euro were signed and the projects selection process for the 2017 project submission continues, with 96 projects selected so far, amounting to 38.57 million. At the second submission of projects, which started on 27 December 2017 (deadline: 30 June 2018), 14 projects totalling 9.05 million euro were submitted. In addition, the project selection process for the *Danube Delta ITI territory* is ongoing, with five projects totalling 2.59 million Euro selected so far.

In order to stimulate the merging of agricultural land to increase productivity and competitiveness in this sector, three contracts amounting to 0.005 million Euro, related to the *small farmer's scheme of NRDP 2014-2020*, were signed.

The development and diversification of short supply chains¹⁰³ for the marketing of agro-food products¹⁰⁴ continue, 21 contracts totalling 1.95 million Euro being already concluded, and payments of 0.04 million Euro were made while, for the call for application session launched in 2017, 33 projects totalling 3.21 million Euro were submitted. Since the start of the NRDP 2014-2020, six contracts totalling 0.57 million Euro have been signed under sub-measure 16.4a and payments amounting to 0.005 million Euro have been made. In connection with the 2017 call for application session, 14 projects totalling 1.3 million Euro were submitted.

On 28 November 2017, MADR and FEI concluded a Financing Agreement that provides for the implementation of a *risk-sharing loan facility at portfolio level* funded by the NRDP 2014-2020. Presently, MADR and FEI are taking steps to implement the Financing Agreement and are preparing the Call for applications to select the financial intermediaries.

In order to ensure the economic viability of farms, agricultural and forestry holdings through the EAFRD 2014-2020, the support for investments in the modernization of secondary irrigation infrastructure is continues. Thus, 74 contracts totalling 72.45 million Euro were signed, plus 72 transferred from NRDP 2007-2013. Also, 135 projects from the session launched in 2017 were selected.

Moreover, within the 2017 session for the *Danube Delta ITI territory*, out of the seven projects selected for the 6.79 million Euro financing, two projects, totalling 2 million Euro, were contracted.

In addition to the investments made under the EAFRD 2014-2020, the Government will act for the development of the main irrigation infrastructure, in line with the provisions of the *National Programme for the Rehabilitation of the Main Irrigation Infrastructure in Romania*, developed by MADR to ensure the development of the main infrastructure. By the end of 2020, this program aims to rehabilitate in three stages¹⁰⁵

¹⁰¹ NRDP 2014-2020 Sub-measure 4.1 - Investment in agricultural holdings

¹⁰² NRDP 2014-2020 Sub-measure 4.1a - Investments in fruit holding

¹⁰³ A supply chain that does not include more than one intermediary between the manufacturer and the consumer.

¹⁰⁴ EAFRD 2014-2020, Sub-measure 16.4 Support for horizontal and vertical cooperation between actors in the supply chain in order to establish and develop short supply chains and local markets as well as to carry out promotional activities in a local context for the development of short supply chains and local markets and sub-measure 16.4.a

¹⁰⁵ The first stage aims at the rehabilitation of 40 viable irrigation facilities for which the Land Improvement Organizations (OIF) have been established, and which accessed sub-measure 125a1, a1 - Irrigation and other land improvement works under NRDP 2007 - 2013; the second stage aims at rehabilitating objectives from 37 viable irrigation facilities on which OIFs are set up to be able to rehabilitate the secondary irrigation

the main capacities of 86 viable irrigation facilities belonging to the public domain of the state, with a total area of approximately 1.8 million hectares. Under the first stage of the programme, for 32 irrigation facilities, the procedures for evaluating/ approving the technical and economic documentation to carry out investment in these facilities are in progress and eight irrigation facilities have been already launched in execution.

In order to **support the cultural and creative industries**, another important sector of the national economy provided by the NCS, a new version of the *Sectoral Strategy for Culture and Cultural Heritage 2016-2022* is under elaboration, its completion being foreseen in 2019. On 11 April 2017, the *White paper on cultural and creative sectors* was launched. Moreover, the project *Historical monuments – the strategic planning and improved public policies* was submitted and is under evaluation stage for obtaining the funding from ACOP. This project aims to systemize and progressively diminish the existing volume of legal acts in force on the cultural heritage through the elaboration of the *Code of Cultural Heritage*. The project is in contracting phase (financial allocation: 2.99 mil Lei). On 29 November 2016, the Government approved the GD No 905/2016 on the approval of the preliminary theses of the project for *Cultural Heritage Code*. Funding from 2014-2020 ERDF and EAFRD for the investments on restoration, preservation and valorification of the cultural heritage objectives according to the sub-measure 7.6 *Investments related to the protection of cultural heritage* of the NRDP continues and 404 contracts totalling 131.86 mil Euro were signed. The selections process of the applications submitted in 2017 is ongoing, so far 65 projects being contracted (totalling 22.35 mil. Euro) out of 73 selected projects.

For the *preservation of the cultural, scientific and educational heritage*, the project *The E-Culture: the Digital Library of Romania* (total financial allocation: 53 million Lei from ERDF) is under technical evaluation procedure. The draft GD on the approval of the technical and economic indicators of the project's investment objective (which was under public debate until 25 March 2018) is being currently developed and it will be submitted to Government for approval. As a complementary project, by December 2018, the project E-Heritage (a corresponding project to E-culture) will be developed with the aim to achieve a comprehensive and updated database of all historical monuments across Romania using modern ICT tools as well as to set up e-Government procedures related to the interaction between the monuments owners and public institutions. At the same time, by the end of this year, a vocational training programme in the field of cultural heritage restoration will be developed. In order to improve entrepreneurial skills in cultural and creative fields, the MCIN will take inter-institutional steps for establishing a *state aid scheme* for the support of industries in this field.

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

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

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

The change refers to increased exports of non-energy mineral resources production, taking into account the principles of sustainability and obtaining the economic restructuring of former mining communities, with improved stakeholders' participation in decision-making in the mining sector. The results are consistent with increasing investment in the mining sector and maximizing state revenues, restoring the brownfield sites, developing and implementing sustainable development strategies in former mining communities, preparing the phasing-out/exit strategy by facilitating awareness, developing entrepreneurship and supporting the development of innovative SMEs for renewable energy sources, and achieving better coordination and

infrastructure under sub-measure 4.3 of the NRDP 2014-2020; the third stage will include the rehabilitation of targets from 9 viable irrigation facilities that are not yet set up by OIFs.

collaboration among stakeholders to improve their participation in decision-making. An important issue will be to promoting the principles of circular economy in the mining sector.

At the beginning of 2018, the Law on the *National Geological Research Programme on Mineral Resources* was approved, aiming at identifying future geological research directions based on geological prospecting programmes. This measure will allow the identification/ analysis of new resources, as well as a general view of the geological potential of mineral resources.

In Q3/2018, MEc will submit the draft *Mining Strategy* to the Government for approval; the draft strategy is currently under the environmental impact assessment. The *Draft Law on Amendment of the Mining Law No 85/2003* is finalized and under public debate. Also, MEc will develop a new legislative package to regulate the royalties system for concessions of mineral, oil and hydro-mineral resources.

In order to *create the critical mass of active SMEs* and their engagement in local/ regional economies, including in rural areas, *the development of support services to stimulate entrepreneurship and creativity among SMEs* is supported. To increase the managerial performance of farmers, micro-enterprises and small enterprises in rural areas, as well as to apply competitive production practices to the associative forms of farmers and producer groups, the implementation of investments in the *development of agricultural advisory services* is about to start with help of EAFRD 2014-2020 funding. Thus, three public procurement procedures to grant counselling to farmers are ongoing. They target farmers who operate on small farms (estimated number: three thousand), farmers who want to set up associative structures in agriculture (estimated number: 10 thousand) and farmers who have agro-environment commitments (estimated number: 19 thousand).

In order to *support the investments in the development of business incubators*, a call for projects was launched on 4 December 2017 with a total budget allocated through ROP of 529.4 million Lei, estimating the support for the setting up and development of 140 SMEs.

Regarding the *development of entrepreneurial skills and the internationalization of SMEs*, the implementation of the *Romania HUB Programme* has continued, thus, six information sessions were organized and attended by 193 beneficiaries, and since July 2017 the *SME Internationalization Programme* has become operational (Law No 83/2017 on the approval of GEO No 8/2017 on the launching within MMACA of the *Programme for Supporting the Internationalization of Romanian Economic Operators* financed by the state budget for the period 2017-2020, and GD No 503/2017 on the approval of the Methodological enforcement guidelines of GEO No 8/2017). Regarding the *Export Promotion Programme* (PPE) managed by MMACA, the number of fairs and exhibitions organised to support the SMEs participation was 38 in 2017 (37 fairs and one economic mission).

By 16 October 2017, 55 companies were financed to ensure integrated export services for Romanian SMEs in order to implement the *Programme for supporting the internationalization of Romanian economic operators*.

To support SMEs for the *creation and expansion of advanced production capacities and development of services*, funding is allocated for the development of approx. 100 SMEs incorporated for more than one year to improve advanced product and service development capabilities in order to increase the competitiveness of regional and national economy and increase market share thereof. By 30 March 2018, 109 projects with a total eligible value of 108.97 million Euro were contracted, funded by 36.52 million through ERDF and 10.23 million Euro from state budget

In order to support the investments of SMEs for micro-industrialization, 174 financing contracts were signed under the *Multiannual National Programme of Micro-Industrialization* and 216 through the *Programme for the development of activities for marketing of market products and services*.

As regards *the award of grants for the implementation of proposed micro-enterprises*, in order to strengthen their market share and to increase the competitiveness of regional and national economy in the competitive areas identified in the *National Competitiveness Strategy and in the regional development plans*, 3,164 application were submitted for a non-refundable amount of 482.28 million Euro. Out of them, 1,081 projects were contracted for which the non-reimbursable amount (ERDF plus stage budget) is approx. 199.10 million Euro.

As regards *the granting of state aid to stimulate investments with a major impact on the economy*, 13 grant agreements were issued so far, out of which one was revoked. For the 12 remaining agreements, a state aid totalling 180.85 million Euro was approved. So far, the payments made amounted to 50.42 million Euro. During 1 January 2017 - 28 February 2018, no grant application sessions were opened and the payments made amounted to 26.91 million Euro.

Concerning the *granting of state aid for sustainable economic development*, until March 2018, the payments made amounted to 338.02 million Euro. A total of 59 funding agreements were released, out of which 20 were revoked, and all 39 enterprises for which financing agreements were released have finalized investments and are under investment sustainability monitoring phase. Between 1 January 2017 and 28 February 2018, the payments made amounted to 21.85 million Euro and four enterprises for which financing agreements were issues, finalized their investments.

In order to *grant state aid to stimulate economic growth by supporting investment*, four financing agreements were approved for which a total state aid of 103.11 million Euro was allocated. Out of the four enterprises that received state aid, one enterprise is under the investment sustainability monitoring stage, while three enterprises completed this stage. During 1 January 2017 - 15 March 2018, one enterprise completed this stage.

Regarding the *state aid for regional development by stimulating investments*, three grant agreements have been released so far, one of which was revoked, with total payments amounting to 29.92 million Euro, out of which, during 1 January 2017 - 28 February 2018, the payments made amounted to 8.72 million Euro. The two enterprises for which financing agreements have been issued are in the implementation stage of the investment.

As regards *the granting of state aid to support investments promoting regional development through the use of new technologies and job creation*, the payments made amounted to 53.65 million Euro, out of which, during 1 January 2017 - 28 February 2018, the payments made amounted to 21.04 million Euro. The 14 enterprises for which funding agreements have been issued are in the payment stage following the implementation of the investment and the creation of jobs. Out of the 14 enterprises, 12 enterprises are also in the process of monitoring the investment and/ or the jobs created after state aid payment.

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

In the **field of energy**, the drafting process of the *Romanian Energy Strategy* continues. The members of the working group constituted at the level of the MEn through the ministerial Order No 543/2017 carry out an analysis of the draft strategy text in order to meet the EU's energy and environmental policy objectives, assumed also by Romania, taking into account the following national goals: security of energy supply and ensuring economic and social development amid a future growing demand for energy; protecting the environment by limiting the effects of climate change and ensuring economic competitiveness by maintaining an affordable price to end consumers.

Concerning the cross-border integration of energy networks, a series of Projects of Common Interest (PCIs) are in progress for the **interconnection of the national electricity transmission system**.

Thus, within the *Mid Continental East Corridor* project (included by the EC in the third PCIs list), the interconnection of 400 kV Resita (Romania) - Pancevo (Serbia) overhead power lines (OPL) was completed and the execution works of the 400 kV OPL Iron Gates – Resita, the works to change the 220 kV d.c. OPL Resita - Timisoara - Săcălaz – Arad to 400 kV and the works to expand/ build the 400 kV related stations (Resita, Timisoara and Săcălaz) are ongoing. The total value of the investment is 633 million Lei, and the estimated deadline is Q4/2027.

The works on projects for the *interconnection of the national gas transmission systems* with neighbouring states (Republic of Moldova, Ukraine, Serbia, Bulgaria and Hungary) continue, as follows:

- **The Development of the National Transport System (NTS) in the North-East of Romania to improve the gas supply of the area and to ensure the transport capacity to the Republic of Moldova (PI Ungheni)**. Upon completion of the project, the required pressure and transport capacity of 1.5 billion m³/year can be ensured. This measure involves the construction of a new transport pipeline (Dn700, Pn 55 bar, Onești - Gherăiești - 104 km and Gherăiești - Lețcani - 61 km), and the construction/ extension of two

gas compression stations (in Onești and Gherăești, each with an installed capacity of 9.14 MW, to be achieved by two compression units of 4.57 MW). The total value of the investment is 152.7 million Euro, and the estimated deadline is Q4/2019.

- **The interconnection of the national gas transport system with the natural gas transport system from Ukraine, in the direction of Gherăești - Siret.** The project envisages the construction of a natural gas pipeline and related facilities, in the direction of Gherăești - Siret; the construction of a cross-border gas metering station, as well as the amplification of the Onești and Gherăești compression stations. This project is proposed in the *2018-2027 Development Plan*, which is under preparation. The total estimated value of the investment is 125.0 million Euro and the estimated deadline is Q4/2025.
- **The interconnection Romania - Ukraine (PI Isaccea) - Interconnection of the national natural gas transport system with the international natural gas transport pipeline T1 and Isaccea reverse flow.** Thus, the operators of the Balkan Corridor gas transport systems have initiated common approaches to ensure a two-way flow of gas (using Transit 1 pipeline transport capacity) from Greece to Ukraine. In this respect, the modernization of Isaccea 1 and Negru Voda gas metering stations (GMS) is under consideration. The project is part of the first, second and third list of PCIs at EU level. The total estimated value of the investment is 100.55 million Euro for Phase I and 92.19 million Euro for Phase II, and the estimated deadline is the end of 2018 for Phase I and the end of 2019 for Phase II.
- **The interconnection Romania - Ukraine (PI Mediesu Aurit).** Transgaz reviews the possibility of implementing a technical solution allowing a gas flow from Romania to Ukraine of 1,000,000 m³/day (at a pressure of 32 bar), subject to obtaining a confirmation from Ukrtransgaz about their capacity to take over gas at this pressure. Transgaz conducted a study on the works needed to achieve the two-way flow in the Khust-Mediesul Aurit direction, different gas transport scenarios being taken into account. This study will be the basis for drawing up the technical project, both as design data and references for works, broken down into two phases, without diminishing the capacity to import allocated natural gas. In this respect, the first stage will address the necessary works to ensure bi-directional flow of gas through the current metering system, which will be upgraded in the second phase, with the possibility of recording the imported/ exported gas measured in separate registers for the three lines (two lines in operation and one spare). The total value of the investment is 1 million euro, and the estimated deadline is Q4/2019.
- **The implementation of the project Development on the Romanian territory of the National Gas Transport System on the Bulgaria - Romania - Hungary - Austria (BRUA) corridor Phase I and II.** The project aims at developing natural gas transport capacities between the interconnections between the Romanian gas transport system and the similar systems of Bulgaria and Hungary; namely, it consists in the construction of a new natural gas pipeline linking the technological node Podișor and Horia GMS. To this end, MEn issued the Exhaustive Decision No 1/21 March 2018 on the project of common interest BRUA. By issuing this decision, the complete and suitable end of the project authorization procedure is confirmed, the project initiator being able to start the implementation works. The total investment value is 547.4 million Euro, broken down as follows:
 - Phase I: 478.6 million Euro** consisting in the construction of a new pipeline, 479 km long, between the Podișor technological node and Recaș and three compressing stations, SC Podișor, SC Bibești and SC Jupa, each station being equipped with two compression aggregates. At the end of the project, the capacity will be 1.75 billion m³/year at the border with Hungary and 1.5 billion m³/year at the border with Bulgaria. Estimated completion is Q4/2019.
 - Phase II: 68.8 million Euro** consisting in the construction of a 50 km long pipeline between Recaș and Horia GMS, the amplification of the three compression stations (Podișor, Bibești and Jupa) by fitting an additional compression unit and amplification of Horia GMS. At the end of the project, a capacity of 4.4 billion m³/year will be achieved at the border with Hungary and 1.5 billion m³/year on the border with Bulgaria. Estimated completion is Q4/2022.
- **The interconnection Romania - Serbia.** The project aims to build a new interconnection pipeline along the Arad - Mokrin line, approximately 97 km long, of which approximately 85 km in Romania and 12 km in Serbia. Also, the construction of a gas metering station (located in Romania) is also under consideration. The estimated total investment value is 42.4 million Euro and the estimated completion time is Q4/2020.

In order to **increase the competition in the energy sector**, the application of the phasing out roadmap for both electricity and gas sectors continues¹⁰⁶. In the electricity sector, for the period between January and June 2017, the percentage of electricity purchased from the competitive market for household customers was 80% of household consumption. For the period between July and December 2017, this percentage was 90% of household consumption. Starting with January 2018, the acquisition percentage from the competitive market is 100%.

In the natural gas sector, according to the provisions of art. 179 and 181 of the *Law on electricity and natural gas* No 123/2012, as subsequently amended and supplemented, the natural gas market is composed of the regulated market and the competitive market, natural gas transactions being made either wholesale or retail.

The natural gas market includes, with regard to the supply of natural gas:

- Supply of natural gas to household customers - supply on the regulated market - until 30 June 2021;
- Supply of natural gas to non-household customers - *supply which has been fully liberalized as of 1 January 2015*.

According to the provisions of art. I, point 5 of GEO No 64/2016 amending and supplementing the *Law No 123/2012 on electricity and natural gas*, as subsequently amended and supplemented, the Government of Romania instituted the liberalization of the purchase price of natural gas as of 1 April 2017 *and not the complete liberalization of the final prices paid by the household consumers. The latter will benefit, until the 1 July 2021, from regulated final prices in accordance with the secondary legislation developed and the implementation of which is pursued by ANRE*.

In the **transport sector**, the main objective of the Government is to provide infrastructure and services in support of economic and social activity in order to improve the quality of life. The efforts focus mainly on implementing the priorities established in the *General Transport Master Plan (GTMP)*¹⁰⁷. ESIF 2014 - 2020 financially supports the investments for infrastructure development along TEN-T and the modernization of the existing transport infrastructure, as well as the beneficiaries in the transport sector in preparing the 2014 - 2020 and post 2020 project portfolio.

For the **development of road infrastructure**¹⁰⁸, out of the 29 submitted projects (total eligible value of 1,456.5 million Euro), 16 projects (14 phased projects and 2 new projects) with a total eligible value of 1,411.7 million Euro were contracted by the end of Q1/2018. Six projects, out of which four phased projects (total eligible value of 610.39 million Euro) and two new projects (for the construction of Campia Turzii – Ograda – Targu Mures and Sebes-Turda highways, total eligible value of 674.12 million Euro) have been sent to EC, for five of these projects the financing being already approved. Other four new projects (Braila suspended bridge, Transilvania Highway, Bucharest Highway Belt and Pitesti – Craiova Highway) are estimated to be submitted for EC approval in the second half of 2018.

In order to **stimulate regional mobility**¹⁰⁹, ERDF 2014-2020 finances regional and local investment projects for the upgrading/ rehabilitation of the county road network located in the proximity of TEN-T. Payments totalling 1.99 million Euro were made for the 57 projects (in an eligible amount of 1,371 million Euro) signed by the end of Q1/2018. The implementation of these projects will lead to the reconstruction/ upgrading of over 2,300 km of county roads connected to TEN-T. Following the launch of calls dedicated to ITI Danube Delta and to the 12 Danube riparian counties, in line with the objective of EUSDR, 38 projects have been submitted and are in various stages of evaluation.

¹⁰⁶ Non-household electricity consumers no longer benefit from regulated prices from January 1st, 2014, and non-household gas consumers from January 1st, 2015. For household electricity consumers, the scheduled phasing out roadmap was finalized on 31 December 2017. According to the provisions of art. I, item 5 of the GEO No 64/2016 amending and supplementing the Law on electricity and natural gas No 123/2012, as subsequently amended and supplemented, the Government of Romania instituted the liberalization of the purchase price of natural gas as of 1st April 2017.

¹⁰⁷ GD No 666/2016 on the approval of the strategic document General Transport Master Plan of Romania

¹⁰⁸ LIOP, Priority Axes 1 – Improving mobility through the development of the TEN-T network and metro system: Specific Objective 1.1 – Increasing mobility through the development of road transport on TEN-T core network; Priority Axes 2 – Development of a multimodal, high-quality, sustainable and efficient transport system: Objective 2.1 – Increasing mobility on TEN-T network and Specific Objective 2.2 – Increasing accessibility for regions with low connectivity to TEN-T road infrastructure. Allocated budget ERDF + CF + state budget: 3,450 million Euro

¹⁰⁹ ROP, Investment Priority 6.1 – *Enhancing regional mobility by connecting secondary and tertiary nodes to TEN-T infrastructure, including multi-modal nodes*

The Government supports the structural reform of the rail transport in order to increase safety and security of users, as well as the share of rail transport as compared to road transport. To this end, ***the Authority for Railway Reform***¹¹⁰ (ARF) has become operational since March 2017. By Q3/2017, ARF took over the public service contracts for passenger rail transport from MT and in February 2018 relaunched the public procurement procedure for the consultancy service to elaborate the study *Sustainability and efficiency of the railway network in Romania*¹¹¹. A total of 113 railway lines will be analysed from a technical and economic point of view and concrete measures will be identified to make the railway network more efficient. The maximum budget allocated to the consultancy service is 4.4 million Lei (without VAT) and the contract period will be of 18 months from the date of award. In February 2018, the procurement procedure for the feasibility study and the financing application for rolling stock was also launched. ARF benefits from EIB technical assistance¹¹² to prepare the necessary documentation for the acquisition of rolling stock (estimated deadline – October 2018), to award and monitor the public service contracts, implement the railway network restructuring study and develop the administrative capacity.

For the ***development of railway infrastructure***¹¹³, the preparation and implementation of investment projects continues in order to develop and upgrade the railway infrastructure located on core and comprehensive TEN-T, to purchase ERTMS (European Rail Traffic Management System) and to modernize railway stations. At the level of Q1/2018, expenditure of 438.8 million Euro was registered for the implementation of the nine projects contracted for the modernization of the railway line between the border with Hungary and Constanta, in a total eligible value of 2,260.7 million Euro (one of these projects is a new project - *Rehabilitation of the railway section km 614 – Gurasada – Simeria* that received EC's approval for financing from ESIF 2014 – 2020 in February 2018). Two financing contracts for works totalling 1.335,64 million Euro for the railway sectors Brasov-Apata, Cata-Sighisoara and Apata-Cata and four contracts (worth 18.84 million Euro) for financing the feasibility studies for the railway sectors Predeal-Brasov, Craiova-Drobeta Turnu Severin–Caransebes, Craiova-Calafat and Constanta Port were signed under CEF.

The implementation of projects for the ***development of metro infrastructure***¹¹⁴ continues in 2018. At the level of Q1/2018, four projects with a total eligible value of 396.5 million Euro were contracted, out of which three phased projects (Metro Line 5 – section Raul Doamnei – Eroilor, including Valea Ialomitei; Metro Line 4 Connection 2 Section Parc Bazilescu – Straulesti; modernizing the ventilation facilities on Metro Lines 1, 2, 3 and the link metro section Tronsonul Petrache Poenaru - Timpuri Noi) and one new project (Metro Line M6 1 Mai – Otopeni). In 2017, the implementation of the phased projects led to the construction of 1.89 km of new metro line and the commissioning of the ventilation facilities on the section Petrache Poenaru – Timpuri Noi, the expenses amounting to 166.7 million Euro. The new project M6 will provide a direct connection between Bucharest and Otopeni, respectively between North Railway Station and Bucharest Henri Coanda International Airport, by constructing a new metro line with a length of 14.2 km and 12 metro stations.

ERDF 2014 – 2020 supports the development of a multimodal, high - quality, sustainable and efficient transport system. In order to ***develop airport infrastructure***¹¹⁵, the phased project Craiova Airport was finalised and the reception of the modernization works is estimated for 2018. The call amounting to 44.7 million Euro for new projects prioritised according to GTMP was launched in January 2018.

The ***development of naval and intermodal transport***¹¹⁶ targets the increase of inland waterway transport and

¹¹⁰ GEO No 62/2016 on the establishment of ARF and GD No 98/2017 on the organisation and functioning of ARF

¹¹¹ On 24 November 2017, ARF published in SEAP the participation notice No 180598/10 November 2017. It was cancelled based on the provisions of Law No 98/2016 art. 212, para. 2 corroborated with GD No 395/2016 art. 1 para. 2 and 3. On 22 December 2017, the award documentation was submitted for validation to ANAP, it has been validated on 7 February 2018 and after completing the legal procedures, the Participation announcement No 182558 was published in SEAP on 9 February 2018 and No 2018/S030-066628 in OJEU on 13 February 2018.

¹¹² Based on the Implementation Agreement for the PASSA Agreement No 193/MN between MFE and ARF

¹¹³ LIOP, Priority Axes 1 – Improving mobility through the development of the TEN-T network and metro system: Specific Objective 1.2 – Increasing mobility on the TEN-T core railway network; Priority Axes 2 – Development of a multimodal, high-quality, sustainable and efficient transport system: Specific Objective 2.7 – Increasing sustainability and quality of rail transport. Allocated budget ERDF + CF + state budget: 1,855.28 million Euro

¹¹⁴ LIOP, Priority Axes 1 – Improving mobility through the development of the TEN-T network and metro system: Specific Objective 1.4 – Increasing the use of metro transport in Bucharest – Ilfov. Allocated budget ERDF+ state (2017 – 2018): 682.67 million Euro

¹¹⁵ LIOP, Priority Axes 2 – Development of a multimodal, high quality, sustainable and efficient transport system: Specific Objective 2.3 – Increasing the sustainable use of airports. Allocated budget ERDF + state budget: 53.25 million Euro

¹¹⁶ LIOP, Priority Axes 1 – Improving mobility through the development of the TEN-T network and metro system: Specific Objective 1.3 – Increasing the use of waterways and ports on the TEN-T core network and Priority Axes 2 – Development of a multimodal, high-quality, sustainable

the cargo volume passing through intermodal terminals and ports. In January 2018, calls totalling 389 million Euro were launched for projects (new and phased) aiming at improving navigation conditions on Danube and inland waterways, modernizing and developing port infrastructure as well as inter and multimodal terminals. Among projects under implementation, the following can be mentioned: elaboration of the feasibility study for Romanian – Bulgarian joint sector of the Danube (470 km), and bank protection and consolidation works on the Danube - Black Sea Canal, section Cumpana – Agigea (8 km); preparing infrastructure projects for Constanta Port; rehabilitation of three locks (Cernavoda, Agigea and Ovidiu); modernization works in Galati Port (project *Multimodal Platform Galati – removing major bottlenecks by upgrading existing infrastructure and providing missing links to the core network Rhine-Danube/ Alps*).

Funding from ERDF 2014 – 2020 of projects aimed at ***improving safety on all transport modes and reducing the impact of transports on the environment***¹¹⁷, including by installing the intelligent transport systems (ITS) continues in 2018. By the end of Q1/2018, out of the six submitted projects, three projects (total eligible value - 14.07 million Euro) have been contracted, their implementation contributing to the decrease in the number of accident and casualties due to road accidents.

In terms of ***improving the capacity to manage European funds and to prepare and implement transport infrastructure projects***, the implementation of two technical assistance projects¹¹⁸ with EIB continues. With the support of EIB experts, measure have been applied in order to meet the ex-ante conditionalities related to the transport sector and the IT tool for project monitoring and preparation of technical specification has been developed. To *strengthen the administrative capacity of transport beneficiaries*, training actions have been initiated, procedures have been developed (e.g. the internal control framework at CNAIR level) and the checklists on the preparation of projects and public procurement documentation have been finalized. In 2018, EIB will continue to provide support for the preparation of new infrastructure projects (the development of about 30 funding applications, the preparation of public procurement), as well as for the evaluation/contracting/ implementation/ monitoring of projects.

Performance contracts signed in 2017 with operators of road and rail transport infrastructure set the rights and obligations of the beneficiaries of structural fund with regard to the submission of financing applications and reimbursement applications and the monitoring of performance indicators for the sustainable development of infrastructure transport and achieving the outcome and output indicators. The list of projects with deadlines for preparation and implementation is included in the performance contracts, which implies taking some decisions in order to start / implement and finalize the projects to the standards required to ensure the financing from non-reimbursable funds. For example, CNAIR analyses on quarterly basis the status of projects included in the portfolio assumed under the performance contract, in order to identify delays and implicitly to take measures to accelerate implementation thereof.

Improving the legislative framework aims to ***accelerate the implementation of infrastructure projects***. Applying the provisions of GEO No 49/2017¹¹⁹ on the possibility of issuing building permits without the prior elaboration and approval of a landscaping or urban planning documentation for transport infrastructure projects of national interest contributes to the reduction of the duration of the process for the authorization of the construction works for the priority projects. In addition, the introduction by GD No 1/2018¹²⁰ of the framework model for contractual agreement (for public or sectoral procurement contracts for design and execution or exclusively execution works) provides a unitary regulatory framework consistent with

and efficient transport system: Specific Objective 2.4 – Increasing the cargo volume passing through intermodal terminals and ports. Allocated budget ERDF + CF + state budget: 583.8 million Euro

¹¹⁷ LIOP, Priority Axes 2 – Development of a multimodal, high quality, sustainable and efficient transport system: Specific Objective 2.5 – Increasing the safety and security in all modes of transport and reducing the environmental impact of transport. Allocated budget ERDF + state budget: 85.2 million Euro

¹¹⁸ TAOP, Priority Axes 1 – Strengthening the capacity of beneficiaries to prepare and implement projects financed by ESIF and disseminate information on these funds, Specific Objective 1.1 – Strengthening the capacity of beneficiaries to prepare and implement projects financed by ESIF, project *Provide technical assistance services from EIB expert for the management of LIOP at the level of transport and environment beneficiaries* (allocated budget ERDF + state budget: 6.681 million Euro) and Priority Axes 2 – Support for ESIF coordination, management and control, Specific Objective 2.1 – Improving the regulatory, strategic and procedural framework for the coordination and implementation of the ESIF, project *Provide technical assistance services from EIB expert for the management of LIOP at the level of MA LIOP and IBs* (allocated budget ERDF + state budget: 9.319 million Euro). Projects under PASSA Agreement.

¹¹⁹ GEO No 49/2017 on measures to accelerate the implementation of transport infrastructure projects of national interest

¹²⁰ GD No 1/2018 on the approval of the general and specific conditions for certain categories of public procurement contracts related to publicly funded investment objectives

international practice that responds to major problems in implementing of infrastructure projects (major delays in awarding of contracts, claims, disputes, litigation, etc.).

In order to ensure an efficient implementation of transport infrastructure projects, the development of quality technical and economic documentation represents a prerequisite. To this end, applying the provisions of Memorandum No 50348/27 December 2017 aims to **prepare a portfolio of strategic projects** (from the list of priority projects established in GTMP) that reach a sufficiently high degree of maturity for launching tenders and implementation starting with 2019. Preparing a portfolio of projects in advance presents a number of advantages such as avoiding time losses in implementing projects, increasing the absorption rate and avoiding the risk of losing European funds available for transport infrastructure, as well as the possibility to access other financing mechanisms.

3.3.3. Increasing the performances of public enterprises (PEs)

In accordance with of GEO No 109/2011 provisions on the corporate governance of state-owned enterprises, as subsequently amended and supplemented, the report for the year 2016 on the evolution and performance of the activity of the state owned enterprises to which the MEc, MEn and MFP have the status of public supervisory body was elaborated, being published on the websites the aforementioned institutions. The 2017 annual report on the activity of the public enterprises will be elaborated by August 2018, according to the provisions of art. 58 of GEO No 109/2011.

In order to **strengthen the financial discipline at the level of the public enterprises (PEs)**, MFP monitors the application of *Order of Ministry of Finance No 666/2015 on the application of Accounting Standards in accordance with International Financial Reporting Standards (IFRS) by some state-owned entities* to the 17 PEs stipulated in the Order. The state of preparation of a set of annual financial statements (SFA) according to IFRS for the financial year 2016 is as follows: 15 economic operators have drawn up the SFA, while the other two economic operators are in the process of developing the SFA.

For the performance of requirements in the enforcement of the provisions of Law No 111/2016 on Corporate Governance, **the process of consolidating/ creating responsible PEs management structures within tutorship authorities** continues, having as main objectives to ensuring transparency and integrity in the application of corporate governance principles of PEs, monitoring the operational outcomes of subordinated PEs, and ensuring a stable and efficient management thereof. Thus, under the MEc, *the Department for Privatization and State Participation Management (DPAPS)* functions as a corporate governance structure; the *Directorate for Corporate Governance* was established and it is operational within MT, and at MEn level, the staff of *the General Directorate for Privatization and Administration of State Participations*, respectively of the *Administration of Participation Directorate* (organized at the level of departments) was supplemented.

Regarding **the selection of the professional management at PEs in accordance with the principles of corporate governance**, on 27 September 2017, the Government approved the Memorandum titled *Measures to Re-establish the Activity of the Romanian Postal Service "Poșta Română"*, and the MCSI would resume the procedures provided by GEO No 109/2011. In the case of the national radio-communication company "Societății Naționale Radiocomunicații S.A.", another selection on corporate governance is to be organized.

Following the evaluation of the offers submitted in September 2017 for SPEEH Hidroelectrica S.A., MEn decided in early October 2017 to cancel and resume the procedure. At the request of MEn, the general meetings of the shareholders of the state own enterprises SNGN Romgaz SA, OIL Terminal SA, Conpet SA approved the start of the selection procedure for the directors, the procedure being followed by the Nomination and Remuneration Committee established at the level of the Board of Directors of the Enterprises with the assistance of an independent HR expert. In 2018, the selection procedure of the members of the Supervisory Board will be carried out for the enterprise "SPEEH Hidroelectrica S.A."

Through OMEc No 798/25 July 2017, the opening of the selection procedure to the public enterprises under the MEc authority (40 Pes) was ordered, as well as the means of execution thereof.

Thus, the Tutorial Public Authority (APT) and MEc decided for some PEs that the selection process of the members of the Board of Directors (BD)/ Supervisory Board (SC) should be carried out by a committee set up at the level of public supervisory body and be assisted by an independent HR expert (legal person). At the

DPAPS level, the public procurement procedures of independent experts are underway for the companies “CNTEE Transelectrica S.A.” (*Power Transport National Company*), “Compania Națională a Cazanelor, Instalațiilor de Ridicat și Recipientelor sub Presiune” (*Boilers, Lifting Installations and Vessels National Company*) and the selection procedures for Supervisory Body and BD members being underway. In the case of the company “S.N.T.G.N. Transgaz S.A.” (*Gas Transport National Company*) the selection process was finalized by the appointment by the General Meeting of Shareholders of two members in the BD. In the case of the company “Societatea Națională a Sării S.A.” (*National Salt Company*) the selection for the occupation of a vacant member position in BD was concluded, and in the case of the company “Societatea Națională a Apelor Minerale S.A.” (*National Mineral water Company*) the selection for occupying four vacant member positions in the BD will be organized soon.

For other PEs, the public supervisory body decided that the selection process should be carried out by committees set up at its level or by the Nomination and Remuneration Committee (C.N.R.) of the Board of Directors of PEs.

The activities undertaken for the *selection of professional management at PEs from the transport sector*¹²¹ continues. Among the progress made, we mention: the elaboration of the initial components of the Selection Plans for members in the Boards of Directors (BDs); the running of the tender for contracting assistance services for the recruitment and selection of members to be appointed in the BD in 17 PEs¹²²; the completion of the recruitment and selection procedure of the Board members at National Company “Administrația Porturilor Maritime Constanța” (*Sea Ports Constanța Administration*); the appointment of the BD at two state owned enterprises, namely “Registrul Auto Roman” (*Romanian Automobile Register*) and “Autoritatea Aeronautică Civilă Română” (*Romanian Civil Aeronautics Authority*).

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

- *in the field of energy*: the third revision of the restructuring plan for the company *Complexul Energetic Oltenia SA*, corresponding to 2018, is under consideration for approval at MEn level; the revised restructuring plan of the *Compania Națională a Uraniului S.A. (National Uranium Company)* has been developed and is being reviewed at the level of the MEn directorates;
- *in the transport field*: applying the provisions of *GO No 16/2017 on amending and supplementing GEO No 55/2016* aims to remedy some shortcomings in the application of legal provisions, so that, until the National Company for Road Investments (CNIR) becomes operational, to enable the National Company of Road Infrastructure Management (CNAIR) to carry out certain activities in accordance with the objectives of GTMP; for *rendering more efficient the activity of TAROM*, the actions envisaged refer to: (1) attracting a larger number of passengers (by participating in trade fairs to boost sales, streamlining the activities of TAROM's own external agencies, implementing a pilot project of packages-less price offers on the route to Budapest, developing a unified policy to attract corporate customers, diversifying the subscription type product on domestic and external flights, implementing the online sales system directly on the company's website), (2) renewing the fleet by purchasing (in leasing) 27 modern aircrafts with low fuel consumption and low phonic pollution (the company is considering several scenarios for the optimization/ standardization of fleet, carrying out negotiations with both aircraft manufacturers and specialized leasing companies), (3) developing the marketing department by opening new regional routes or long courier routes to America or Asia (the possibilities of operating to Tbilisi, Baku, Odessa and Yerevan starting with the summer of 2018 is under scrutiny), and (4) implementing the online system directly on the company's website (the new website has been completed, direct online sales rising and the proposal to deploy a CRM software platform was approved);

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

¹²² RA River Administration of Lower Danube Galati, RA Romanian Air Traffic Services Administration – ROMATSA, National Company for Air Transport Tarom SA, NC Bucharest Airports SA, NC International Airport Mihail Kogalniceanu – Constanța SA, NC of Railways CFR SA, NC for Passenger Railway Transport - CFR Călători SA, SN for Freight Rail Transport – CFR Marfa SA, NC Telecomunicații CFR SA, NC of Road Infrastructure Management SA, NC for Road Investments SA, CN Administration of Navigable Canals SA, CN Administration of Maritime Danube Ports SA Galati, CN Administration of River Danube Ports SA Giurgiu, CN International Airport Timisoara – Traian Vuia S.A., Metro Transport Company Bucharest “Metrorex” SA, SC GEI Palat SA

- *in the field of defence industry*: CN ROMARM and its subsidiaries are to submit the restructuring programmes to the DPAPS (MEc) in order to obtain the general Shareholders meeting' approval.

In order *to efficiently manage and capitalize on state participations*, the draft law on the administration and capitalization of state holdings was sent to the co-initiating and advising institutions along with the publication thereof for public debate. Following the approval circuit, COM recommendations have been received, as well as other comments and suggestions for improvement. After integration thereof, the draft law shall be resubmitted on the approval circuit. Following approval by the government, the draft law will be submitted to the Romanian Parliament. It aims at setting a coherent and unitary regulation for all institutions involved in managing, restructuring, reorganizing and capitalizing activities to be carried out by economic operators under their authority with a view to optimizing these processes. It also includes aspects of strengthening the position of the state as a shareholder in some companies.

With regard to the **Sovereign Development and Investment Fund (FSDI)**, in 2017 MFP submitted to the public debate the draft law on the establishment of FSDI - S.A. and for amending some normative acts. In the same year, the process of consulting Eurostat on the ex-ante opinion on the classification of FSDI in national accounts was also initiated.

At the same time, considering that the estimated period for approving the normative act establishing and organizing of FSDI activity is estimated at approximately 18 months, it is to believe that the negative impact on the state budget, from the dividends of the share packages that will be in kind contribution to the social capital of FSDI, will be registered in 2019, which will be offset in the following years with the dividends paid by FSDI to the state, as sole shareholder. Currently, the Romanian authorities have discussions with Eurostat on the classification of FSDI outside the public administration sector.

4. NATIONAL EUROPE 2020 OBJECTIVES

This chapter includes new reform measures, the measures that are continued as well as developments regarding reaching the national *Europe 2020* objectives. In addition, there are also addressed some specific challenges identified by the EC in *Country Report Romania 2018*.

4.1. Employment

In 2017, the employment rate age group 20-64 continued an upward trend reaching the peak at 68.9%*, by 1.1 percentage points below the national Europe 2020 target, and the youth employment rate (age group 15-24) reached 24.5%.

Key actions:

- ✓ Modernizing the labour market institutions
- ✓ Reducing the territorial employment disparities
- ✓ Adapting workers and enterprises to labour market changes
- ✓ Equal access to lifelong learning for all age groups
- ✓ Social and economic integration of young NEETs
- ✓ Increasing the employment quality in rural areas

Strengthening the institutional capacity of ANOFM benefits by a finance under 2014-2020 ESF in order to adapt the structures of the Public Employment Service (PES) to the needs and the dynamic of the labour market, to correlate the labour supply and demand, to introduce new instruments/ systems/ procedures/ services/ mechanisms and to improve/ diversify the services provided to employers and jobseekers. The agency experts will be trained in order to provide custom-tailored services, and call centre services and electronic kiosks for citizens will be developed/ strengthened/ integrated. At least but not at last, new databases will be created and the interoperability of databases including employers, education units, and inactive people will be achieved. ANOFM approach for projects under implementation or the future ones is based on partnerships; the agency has already established a co-operation with MEN, MMJS, ANPIS and ANPD.

ANOFM puts into application the profiling procedure¹²³ of jobseekers. The defining criteria of the employability level include geographic/ demographic/ employment issues, the education attainment, and the affiliation to a vulnerable group or with special needs.

The agency aimed at introducing the **case management** for which a project fiche was drawn up in order to be funded under 2014-2020 ESF. A coherent system mainstreaming a particular approach of activation and job placement for all beneficiaries belonging to vulnerable groups registered at ANOFM (CSR 2) will be developed through the project, mainly involving the agency and social assistance services, but also other public or non-public market operators. The outcome will consist of the integration into the labour market of persons with complex needs, as are **long term unemployed and disabled people**. The project aims at upskilling 1,000 PES experts and recruiting the additional staff out of the organizational chart (fixed-term employment), the estimates pointing out 150 county experts for the case management. The specific project approach will support ANOFM in order to accomplish its role as the single contact point for implementing the *Council Recommendation on the integration of the long-term unemployed into the labour market (2016/C 67/01)*.

ANOFM submitted for validation to MFE the project fiche *Employer SPO Relation – eSPOR* funded under ESF 2014-2020¹²⁴. The project targets 21,000 employers using PES services, the storage of 100,000 vacancies in the online portal, the delivery of four short term forecasts and four labour market analysis for each county and countrywide, and a medium and long-term forecast for each county and countrywide. In addition, a set of instruments/ systems/ procedures/ services/ mechanisms enabling the correlation on the demand and supply sides of the labour market and the monitoring/ assessment of PES services will be delivered. Another project aiming at increasing the coverage degree of social services dedicated to the disabled jobseekers and employers

* The Employment rate for population aged 20-64 stands at 68.8% according to INS communicate No 99/18 April 2018

¹²³ ANOFM President Order No 11/2018 on approving the Profiling procedure of jobseekers registered at employment agencies (Official Journal No 216 of 9th March 2018)

¹²⁴ HCOP, PA 3 - Jobs for all, SO 3.10.

is described at chapter 4.8.

The State Budget financed investments in companies to create jobs and reduce regional disparities¹²⁵. By March 2018, 43 financing agreements (with a value of 46.03 million Euro) were approved and the remitted payments amounted the equivalent of 1.03 million Euro (out of which 0.86 million Euro during 1 January 2017 – 28 February 2018). Due to the implementation of these investments, 4,942 new jobs were created.

The persistence of an inactivity rate maintained at high levels¹²⁶ leads to the implementation of measures that mobilize certain segments of population traditionally away from the labour market in order to increase their employment potential. To a better use of the additional labour force (**unemployed/ long-term unemployed and inactive people who are able to work, disabled persons, Roma people, rural persons living in subsistence and semi-subsistence farming**), labour mobility and job subsidy schemes (amounting 91 million Euro) will be implemented (CSR 2). Other 206 million Euro are allocated to apprenticeship and traineeship programmes and 135.663 million Euro to skills improvement. Supplementary, implementing the *2017 Employment Programme* (funded under UIB), 5,759 long-term unemployed have entered the labour market, and 27,129 persons have benefited by the activation bonus.

In order to **diversify the labour market activation options**¹²⁷ (CSR 2) for unemployed, inactive persons who are able to work or employed persons who create a business generating new jobs, the entrepreneurship schemes *Diaspora Start Up* (33 signed contracts totalling 78.583 million Euro) and *Romania Start Up Plus* (195 approved projects amounting 530.8 million Euro) will be implemented. In addition, 20,900 new jobs are estimated to be delivered through the programme *Start Up Nation Romania*, other 850 new jobs were created through investments implemented by SMEs¹²⁸.

The combined effect of the technological progress and the reshaping of some economic sectors transformed the professional life, so that the labour force needed to acquire new skills or to adapt to the new business models. These developments encourage the **adaptation of workers, enterprises, and entrepreneurs to change**¹²⁹; two call for proposals dedicated to increasing the enterprise and human resource competitiveness ran in 2017 (156 approved projects). A third call for proposals (with a value of 86.983 million Euro) is going to be launched in the year 2018. This call will finance outplacement measures for employees facing the risk of layoff, which will increase their opportunities of reintegration into the labour market.

The increase of the employment quality can be achieved by stimulating the workforce to acquire new skills, which will allow both the improvement of the labour productivity, and the adaptation to the challenges arising from the modernization of the labour market. Investments in **lifelong learning** (CSR 2) will be financially supported (allocation of 154.466 million Euro), including the recognition and the certification of learning outcomes acquired in non-formal and informal contexts for students and apprentices belonging to disadvantaged communities, focusing on rural and Roma people, low-skilled adults and people aged over 40 years old living in deprived rural areas.

In the year 2017, although in a decline compared to the previous year, the NEETs¹³⁰ rate continued to be one of the highest in EU-28, reaching 15.2%. Due to the implementation of the *2017 Employment Programme*, the share of the youth aged under 25 years old¹³¹ who, within a period of four months after the registration at PES, were employed, participated in a training programme, or concluded an apprenticeship or traineeship contract was 59.1%. In the year 2017, 64,993 **young NEETs** benefited by activation measures funded under UIB, out of which 26,043 young NEETs were employed, and other 3,692 young NEETs entered the labour market in the first two months of the year 2018.

In the year 2017, the *insertion bonus* was introduced in the legislation. Thereby, the young graduates of the education units and the special school graduates (aged at least 16 years old) who within 60 days after the

¹²⁵ GD No 332/2014 on establishing a state aid scheme to support investments promoting regional development by creating jobs

¹²⁶ In QIII/2017, the inactivity rate age group 20-64 was 27.5%, source: Eurostat

¹²⁷ HCOP, PA 3 Jobs for all, IP 8iii - Self-employment, entrepreneurship and business creation including innovative micro, small and medium-sized enterprises

¹²⁸ *SMEs Swiss - Romanian Programme* a component of *Swiss - Romanian Cooperation Programme* established in accordance with the Framework Agreement between Romanian Government and Federal Swiss Council signed at Bern on 7 September 2010

¹²⁹ HCOP, PA 3 Jobs for all, IP 8v- Adaptation of workers, enterprises, and entrepreneurs to change

¹³⁰ Young people aged 15-24 years old who are not in education, employment or training

¹³¹ Calculated as a percentage of the total youth aged under 25 years old who are registered at PES

graduation register themselves at the employment agencies and undertake a full-time employment contract for a period longer than 12 months receive an insertion bonus amounting 1,500 Lei, financed by UIB.

Two projects dedicated to young NEETs¹³² (CSR 2) for which ANOFM submitted the project fiches to MFE will finance under 2014-2020 ESF schemes of apprenticeship at work and traineeships for graduates. The first project aims at improving the employment opportunities for at least 115 young NEETs registered at PES in Bucharest-Ilfov region, and the second one targets minimum 900 young NEETs in North - East, North - West, West and South West Oltenia regions. A third project (activation and mobility schemes implemented over two years) will provide new opportunities of labour market integration for 1,200 young NEETs in Centre, South - East and South-Muntenia regions.

ANOFM implements over 48 months the project *Youth Registration at Public Employment Service – INTESPO*¹³³ (with a value of 47.474 million Euro) targeting the identification of 200,000 young inactive NEETs who are low skilled and have failed to be socially integrated. Consequently, 160,000 young NEETs will be registered at PES to benefit by integrated support measures in order to enter the labour market or they can participate in projects delivered by ANOFM or by other service providers (CSR 2). The partnership established among ANOFM, MMJS, MEN, ANPIS and the mobilization of local networks would facilitate the orientation of young NEETs towards a custom-tailored service addressing their needs that increase significantly their chances of (re)integration into the community.

The implementation of the *Youth guarantee* is supported by an allocation of 122.528 million Euro dedicated to the reinsertion in the education system (vocational and technical through the *Second chance programme*) of young unemployed NEETs registered at PES, paying attention to Roma youth and young people living in rural area.

2014-2020 EARDP finances the farmers' training (18 contracts amounting 1.497 million Euro have been signed by the end of March 2018), a measure which accompanies the investments oriented towards enhancing the competitiveness and restructuring/ modernizing the agricultural sector. In the year 2017, measures addressing the needs of diversification and development of the market-oriented businesses that help the creation of new jobs and provide **new social and economic opportunities and access to the labour market for the rural population** continued to be implemented:

- Setting up non-agricultural businesses in rural areas - since 2014-2020 NRDP was launched, 1,833 contracts were signed, and the remitted payments amounted 76.15 million Euro. In the session launched in 2017, 344 projects have been contracted with payments amounting 12.04 million Euro. The beneficiaries of the contracts signed in 2017, including the ones submitted in sessions launched in previous years, undertook to create 1,677 new jobs;
- Developing non-agricultural businesses by the existing enterprises/farms – since 2014-2020 NRDP was launched, 683 contracts were signed and other 295 contracts were transferred under the transitional provisions to 2014-2020 NRDP, the total value of payments reaching 35.1 million Euro. In the session launched in 2017, 17 projects were contracted with the remitted payments amounting 0.09 million Euro. The estimates indicate that the implementation of the projects contracted in 2017, including the ones submitted in sessions launched in previous years, would generate 1,204 new jobs;
- Setting-up young farmers – since 2014-2020 NRDP was launched, 9,753 contracts were signed and other 1,129 contracts were transferred under the transitional provisions to 2014-2020 NRDP (payments totalling 318.95 million Euro). In the session launched in the year 2017, 4,208 projects were contracted with remitted payments amounting 128.39 million Euro;
- Taking into account the low economic capacity and the orientation mainly towards the self-consumption of the small farms, their development continued to be financed – since 2014-2020 NRDP was launched, 5,579 contracts were signed, and other 18,140 projects were transferred under the transitional provisions to 2014-2020 NRDP, the total value of payments amounting 94.4 million Euro. In the session launched in 2017, 2,399 projects were contracted with the remitted payments of 19.46 million Euro. For ITI Danube

¹³² HCOP, PA 1 Youth Employment Initiative and PA 2 Improving the situation of NEETs young people, IP 8ii

¹³³ HCOP, PA 2 Improving the situation of NEETs young people, SO 2.1

Delta territory, 61 projects were contracted with payments amounting 0.28 million Euro.

Given the specific development needs of the Danube Delta area, the Government supports the initiatives that help the younger generation to stay local and the creation of new opportunities to integrate people into the labour market. By March 2018, for ITI Danube Delta territory, 53 projects were contracted in order to set up non-agricultural enterprises in rural areas with payments of 2.47 million Euro. Other 113 projects were contracted in order to set up young farmers with payments amounting 3.28 million Euro, and three contracts (amounting 0.42 million Euro) were signed to develop non-agricultural businesses by the existing enterprises/farms.

One of the objectives of the Government is to create new jobs and to avoid youth migration from rural areas. The *2018-2020 Programme for Government* lays down funding from the state budget, through a programme with an allocation of 25 million Euro, for companies hiring over a period of 12 months minimum two persons aged under 40 years old. Around 2,000 persons will be helped yearly to integrate into the labour market through the programme *Support to employ young people in agriculture, aquaculture, and food industry*, the finance received by the employers depending on the qualification level of the employed persons. In December 2017, the Senate adopted the legislative proposal and the Chamber of Deputies debating the piece of legislation in March 2018.

4.2. Research, development and innovation (RDI)

Investments in R&D: national 2020 target - 2% of GDP ((1% of GDP - public sector and 1% of GDP - private sector); **current situation (2016)** – 0.48% of GDP¹³⁴ (0.21% of GDP – public sector and 0.27% PIB – private sector), public sector expenditure down by 0.06 p.p., but private sector expenditure up by 0.05 p.p. as compared to 2015.

Key directions:

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

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

Improving the institutional performance of NRDI aims to reduce the fragmentation of the national R&D system by correlating and coordinating the activities and resources of the public research organisations. The National Plan for RDI 2015-2020 (NPRDI III)¹³⁵ finances *complex projects carried out in RDI consortia* consisting of at least three public research organizations with similar or complementary specialisation profile based on a common agenda. In order to capitalise on NRDI own R&D results, the amendment of the *Framework regulation on the organisation and functioning of NRDI*¹³⁶ is envisaged and the establishment of the *Council of the National Research and Development Institutes from Romania (CINCDR)* aims to extend and improve the organisational framework for the diversification of policies stimulating and supporting the activity of NRDI and for the increase of efficiency in policy implementation. In 2017, 353 million Lei was spent through the Core Programme in order to support the development plans of NRDI and the budget allocated for 2018 is of 448.8 million Lei.

In 2018, the implementation of the project for **development of the administrative capacity of MCI to implement certain actions provided in the National Strategy for RDI 2014-2020 (NSRDI 2020)**¹³⁷ continues. *The National Roadmap for Research Infrastructures in Romania 2017-2027*¹³⁸ was finalized, the Guidelines for the application of the deduction rules for R&D expenditures to the fiscal result calculation were developed and activities are being developed to develop mechanisms for monitoring the strategy, collecting data (which also involve the development of an integrated research platform) and entrepreneurial discovery.

The elaboration and approval of the **Sectoral R&D Plan for Agriculture and Rural Development (ADER) 2019-2020** by Q1/2019 aims at ensuring an integrated strategic framework that enables the adaptation of new technologies to the production condition in Romania. ADER 2019-2020 will be implemented over a four-year period with funding from the state budget of 100 million Euro and will support projects for applied research and innovation in agricultural field that contributes to reduce production costs due to the increase of yield and product quality.

In order to **increase the visibility of scientific activities**, the organization and participation to events promoting the Romanian research is envisaged, including by supporting the participation of Romanian inventors to national and international exhibitions and by carrying out the project *Diplomacy through research*, developed in partnership between MAE and MCI, that aims at facilitating contacts with organisations, institutions and specialists from abroad and organising activities of scientific diplomacy. In 2017, the Directorate General RDI

¹³⁴ Provisional data published by INS in the *Communication No 295/16 November 2017 on the R&D activity in 2016*

¹³⁵ NPRDI III, Programme 1 – Develop the national R&D system: Sub-programme 1.2 – *Institutional Performance*

¹³⁶ Draft GD amending and supplementing GD No 637/2003 for the approval of the Framework regulation on the organisation and functioning of the national research and development institutes is in the inter-ministerial approval phase

¹³⁷ Project SIPOCA 27, carried out by MCI in partnership with UEFISCDI and the National R&D Institute for Labour and Social Protection: implementation period August 2016 - July 2019, total value – 21.56 million Lei (18.1 million Lei – ESF and 3.4 million Lei – stat budget)

¹³⁸ Approved by MCI Order No 624/2017 on the approval of the *Final Report on Research Infrastructures in Romania* (the *National Roadmap for Research Infrastructures in Romania 2017 - 2027*). The report, which includes the national roadmap, was drafted by the *Romanian Committee for Research Infrastructures*.

Transfer and Infrastructure was established within MCI and its main activities focused on the organisation and/ or participation in a series of events¹³⁹ promoting technology transfer and strengthening the link between the private sector and the academia, as well as on the recertification for a five-years period of six NRDI (by MCI Order No 27/2018).

Measures to **ensure a high quality scientific base** and encourage private investments in R&D, contributing to the creation of scientific and technology competence centres in the smart specialization fields will continue to be financed from both the state budget through NPRDI III and ERDF 2014 – 2020.

In order to facilitate the access of potential investors to well-trained human resources and opportunities for collaboration, *the development of human resources for research*¹⁴⁰ and *attracting high skilled researchers from abroad*¹⁴¹ will continue:

- Over 2,500 projects for awarding research results – articles, type “Young Research Scholarship” and mobility projects for experienced researchers and young researchers from abroad were financially supported under NPRDI III. In addition, 201 projects for exploratory research and 3 projects for supporting researchers with excellent results in competitions organized by the European Research Council (ERC) are under implementation and 62 proposals of complex projects for frontier research¹⁴² entered the second stage of evaluation. The 2017 budget execution recorded expenses of 605 million Lei for programmes/ projects carried out through NPRDI III and the budget allocated for 2018 is of 611.3 million Lei.
- At the level of Q1/2018, 51 projects to stimulate collaboration with researchers from abroad were under implementation with financing from ERDF 2014 – 2020, the level of payments approved being of 111.34 million Lei.

For the *development of large R&D infrastructure*¹⁴³, 25 projects (worth approx. 577 million Lei/ 124 million Euro) aimed at creating or upgrading public and private R&D centres and labs are under implementation, out of which 11 projects for R&D departments in enterprises, 4 projects for innovative clusters and 10 for public R&D infrastructures. In 2018, calls for projects (with an estimated budget of about 74 million Euro) will be launched for public R&D infrastructures of national or regional interest (included in the *National Roadmap for Research Infrastructures in Romania 2017-2027*) and for innovative clusters.

ERDF 2014 – 2020 finances the *development of networks of R&D centres*¹⁴⁴ in order to increase the involvement and connection of Romanian researchers at national and international level: the call for projects for the development of RoEduNet network (allocated budget of approx. 27 million Lei) was launched in February 2018; the project *Anelis Plus 2020*¹⁴⁵ is under implementation in order to ensure the access of researchers to scientific research literature by developing the national electronic repository for scientific publications¹⁴⁶; the call for projects to modernize CLOUD type infrastructures is estimated to be launched at the end of Q2/2018.

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

For *stimulating enterprises demand for innovation*¹⁴⁷, ERDF 2014 – 2020 finances RDI projects carried out by innovative enterprises individually or in partnership with R&D institutes/ universities. At the level of

¹³⁹ 45th Geneva International Exhibition of Inventions, INNOVA Exhibition Barcelona, the first edition of the Romanian National Inventions Award, Romanian Research Fair „Made in Romania, Innovation Forum”.

¹⁴⁰ NPRDI III, Programme 1 – Develop the national R&D system: Sub-programme 1.1. – *Human resources*

¹⁴¹ COMP OP, Action 1.1.4 (Applicant Guide, section E) – *Attract high skilled researchers from abroad*

¹⁴² NPRDI III, Programme 4 – Fundamental and frontier research: Sub-programmes *ERC-like*, *Projects for exploratory research* and *Complex projects for frontier research*

¹⁴³ COMP OP, 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*)

¹⁴⁴ COMP OP, 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

¹⁴⁵ Total value 249 million lei, out of which eligible value 186.7 million lei. Implementation period: 60 month (18 July 2017 – 17 July 2022)

¹⁴⁶ <https://dspace.anelisplus.ro/xmlui/>

¹⁴⁷ COMP OP, 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*)

Q1/2018, 63 projects (worth approx. 111 million Lei) were contracted, out of which 41 projects developed by start-ups or spin-offs (level of payments approved – 9.587 million Lei) and 22 by newly created innovative enterprises. The call for innovative technology projects carried out by enterprises in order to innovate products or processes based on the research made within the project was in progress.

Creating private – public partnerships for R&D and knowledge transfer aims at improving the transfer of knowledge, technology and personnel with RDI skills between the public and private environment. With financing from ERDF 2014 - 2020¹⁴⁸, 47 projects aimed at facilitating business access to the portfolio of activities and material and human resources of R&D organizations are under implementation, the payments approved being of 50.218 million Lei at the level of March 2018.

Under NPRDI III¹⁴⁹, 350 experimental – demonstrative projects, for the manufacture and homologation of prototypes/ pilot installations or for the assimilation and development of modern technologies in enterprises have been contracted and 150 innovation vouchers have been granted. In December 2018, the call for projects for the organization and development of innovative clusters was launched in order to increase the competitiveness of cluster-based enterprises from economic relevant sectors, by concentrating resources and developing the production of innovative goods (technologies, products, services) resulting from RDI activities planned and developed in cooperation within the cluster.

To increase innovation at SMEs level, ERDF 2014 – 2020 financially supports the ***promotion of technology transfer***¹⁵⁰. In 2018, about 55 million Euro is allocated under the call launched for *projects carried out by SMEs in partnership with an innovation and technology transfer entity (ITT)* in order to apply research results in the areas of smart specialisation. The calls for projects for the *creation, modernization and development of ITT*, as well as for the *development of the scientific and technological parks* are estimated to be launched in Q2/2018.

Promoting fiscal facilities for R&D aims to stimulate private investments in RDI. To this end, the additional tax deduction of 50% (totalling 150%) for R&D expenditure of enterprises in establishing the taxable profit¹⁵¹ is applied. Also, the exemption from income tax¹⁵² has been extended for all persons all persons conducting RDI activities under certain conditions and the *draft GD on the approval of the State aid scheme for the application of the corporate tax exemption in the first 10 years of activity for the taxpayers performing exclusively RDI activity*¹⁵³ is under elaboration.

Supporting the access to financing in form of venture capital for innovative enterprises¹⁵⁴, from ERDF 2014 – 2020, will also contribute to the stimulation of private investments in RDI. By implementing the Minimis state aid scheme in the form of venture capital investments¹⁵⁵, managed by EIF, 50 SMEs will receive financial support for innovation activities in the areas of smart specialization. Additional details can be found in the sub-chapter 3.3.1 *Creating a favourable environment for public and private investments*.

Consolidating the European dimension of the national RDI policies and programmes, by promoting pan-European R&D infrastructure projects and stimulating the participation in European and international programmes contributes to the opening of the R&D system and to a better integration into the European Research Area.

¹⁴⁸ COMP OP, Action 1.2.3 (Applicant Guide, section G) – *Knowledge Transfer Partnerships*

¹⁴⁹ 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

¹⁵⁰ ROP, Priority Axis 1 – Promoting technology transfer: Priority Intervention (PI) 1.1.A – Supporting innovation and technology transfer entities, PI 1.1.B – Supporting scientific and technological parks and PI 1.1.C – Investments for SMEs to for the application of research results in partnership with an ITT. Allocated budget: ERDF+ state budget 206.51 million Euro

¹⁵¹ The Common Order of MFP No 1056/2016 and MEN No 4435/2016 on the approval of Rules regarding the deductions for R&D expenses in establishing taxable profit

¹⁵² According to Law No 136/2017 approving the GEO No 32/2016 supplementing the Law No 227/2015 on the Fiscal Code and the regulation of some financial and fiscal measures and to the Common Order of MFP and MCI No 2326-2855/2017 on employment in applied R&D and/ or technological development

¹⁵³ Under art. 22¹ of the Fiscal Code

¹⁵⁴ COMP OP, Priority axis 1, Action 1.2.2: Crediting instruments and venture capital measures in favour of innovative SMEs and research organizations responding to market demands

¹⁵⁵ MFE Order No 194/2018 on the approval of the minimis state aid scheme in the form of venture capital investments for SMEs under COMPOP

In 2018, the **implementation of the pan-European project Extreme Light Infrastructure – Nuclear Physics** - ELI-NP continues. Construction work for the expansion of the gamma building are ongoing, as well as the construction of the additional access road from the Bucharest ring road. The components of the high-power laser system have been installed and the alignment and testing activities are carried out. The gamma system is in execution and the equipment for labs and related workshops have been purchased and installed. By the end of January 2018, reimbursement claims worth 317.9 million Lei were submitted to COM.

For the implementing the infrastructure project **International Centre of Advanced Studies for Rivers-Deltas-Seas DANUBIUS-RI**, the procedure for launching the competition for the awarding of the project *Strategy and actions for preparing the national participation in the DANUBIUS-RI project* was resumed in February 2018 under NPRDI III. The project aims to develop analyses and studies on the definition and construction of the Romanian infrastructure components (Murighiol International Hub, Danube Delta Supersite, Danubius Data Centre), as well as the application for funding from ERDF 2014 – 2020.

In 2018, the **promotion of the pan-European project Advanced Lead Fast Reactor European Demonstrator (ALFRED)** will continue. The project that aims at developing the technologies for the 4th generation nuclear reactors was included in the *National Roadmap for Research Infrastructures in Romania 2017-2027*. To support RDI projects in the specific field of LFR (Lead Fast Reactor) from the state budget through NPRDI III, *GD No 8/2018 amending and supplementing GD No 583/2015 on the approval of the National Plan for Research, Development and Innovation 2015-2020* was approved.

In order to **support Romanian participation in European and international RDI programmes**, out of the 24 projects submitted for financing from ERDF 2014 - 2020¹⁵⁶, two projects (worth 3.1 million Euro) for creating synergies with RDI actions of Horizon 2020 and other international RDI programs were contracted.

Under NPRDI III¹⁵⁷, the following type of projects were financed: 125 projects aimed at providing administrative and financial support for the implementation of RDI projects in *bilateral cooperation* with developed countries from Europe and outside Europe (Belgium, France, Ukraine, South Africa, Moldova, China); 45 projects for the awarding of participation in Horizon 2020 and 72 projects under international research programmes in areas of strategic interest (ELI-RO, CEA, EURATOM, FAIR, CERN). The expenditure from the state budget amounted to approx. 65 million Lei and the fund attracted from Horizon 2020 reached approx. 93 million Euro.

In order to extend the bilateral cooperation with the developed countries, in high technology fields, the cooperation between the scientific communities from Romania and USA is envisaged, by promoting the strategic projects ALFRED, DANUBIUS RI and ELI-NP. Also, a Memorandum of Understanding between Romania and Japan is under elaboration in a view to concluding a bilateral cooperation in science and technology in 2019.

¹⁵⁶ COMP OP, Priority axis 1, Action 1.1.3 - Creating synergies with RDI actions of Horizon 2020 and other international RDI programs

¹⁵⁷ NPRDI III, Programme 3 – European and international cooperation, sub-programmes 3.1 – Bilateral/Multilateral, 3.2 – Horizon 2020, 3.5 – Other European and international initiatives and programmes and 3.6 – Support

4.3. Environment and climate change

According to the latest available data¹⁵⁸ from the *National Greenhouse Gas Inventory Report* (NGHGIR), in 2016, related to the base year 1990, **GHG emissions index (excluding LULUCF¹⁵⁹) is 45.61** (these emissions decreased from **246.75** million tonnes CO₂ equivalent, in 1990, to **112.54** million tonnes CO₂ equivalent, in 2016) and **GHG emissions index (including LULUCF) is 39.02** (these emissions decreased from **226.16** million tonnes CO₂ equivalent, in 1990, to **88.25** million tonnes CO₂ equivalent, in 2016).

In 2016, related to the base year 2005, **GHG emissions index from ESD¹⁶⁰ sectors is 98.12¹⁶¹** (these emissions increased from **71.34** million tonnes CO₂ equivalent, in 2005, to **72.68** million tonnes CO₂ equivalent, in 2016)

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

Key directions:

- ✓ **Building a low-carbon economy**
- ✓ **Improving administrative capacity of environmental protection authorities**
- ✓ **Reducing GHG emissions from the energy and transport sectors**
- ✓ **Mitigating climate change effects**
- ✓ **Supporting sustainable development and improving the quality of environment**

The policies aiming at **building an economy with low greenhouse gases (GHG) emissions** has continued to be implemented in 2017, to maintain both historical and forecasted values associated to Romania's GHG emissions under the level set for Romania according to the Decision No 406/2009/EC. One of the main commitments, in this respect, is to operationalize the *National Strategy on Climate Change and Low Carbon Economic Growth (CRESC)* and the *National Action Plan 2016-2020 on Climate Change (PNASC)*. According to the environment permit No 35/22 December 2015, reports on the progress made by the institutions responsible for the preparation of the studies foreseen in the PNASC 2016-2020 are presented on a quarterly basis. In addition, MM initiated a series of meetings with the institutions involved in setting out ways to implement actions in the PNASC. To facilitate access to climate change information, the platform for the management of the database and information on climate change (www.opera-clima.ro) was developed, it is managed by MM and is being correlated with the European CLIMATE-Adapt platform.

In order to comply with the general ex-ante conditionality relating to EIA¹⁶² and SEA¹⁶³, as set out in Annex XI of EU Regulation No 1303/2013 and in the Partnership Agreement for the period 2014-2020, the second stage of the project "*Professional training of the personnel of competent authorities for environmental protection regarding EIA and SEA for the period 2014-2020*" was completed by conducting 13 training sessions (one session in the following localities: Baia Mare, Drobeta Turnu Severin, Timișoara, Târgu Mureș, Tulcea, Sibiu, Bacău, Brașov, Iași, Sinaia, Galați and two sessions in Bucharest). Thus, 356 experts from environmental authorities and managing authorities were trained, the *days per participant on training* project indicator being accomplished (1573 days accomplished).

¹⁵⁸ Data supplied by MM, according to the latest version of the National Greenhouse Gas Inventory Report (NGHGIR), drafted by Romania in March 2018, for the period 1989-2016.

¹⁵⁹ LULUCF - Land Use, Land-Use Change and Forestry

¹⁶⁰ GHG emissions from sectors covered by Effort Sharing Decision (ESD) No 406/2009/EC

¹⁶¹ Romania's 2020 target related to the base year 2005 is that GHG emissions index in non-ETS sectors will not exceed 119, i.e. non-ETS emissions shall not exceed 88.3 million tonnes of CO₂ equivalent

¹⁶² EIA – Environmental Impact Assessment

¹⁶³ SEA - Strategic Environmental Assessment

The procedure for awarding the contract for *drafting the 7 guides necessary to improve the administrative capacity of the environmental protection authorities, in order to develop the unitary procedure of environmental impact assessment (EGEIA)* is currently in progress.

Romania continued also the measures to **reduce GHG emissions in the energy sector** and to stimulate the production of energy from clean sources, by launching on 17 May 2017, under the Strategic Objective (SO) 6.4 of LIOP, a call for integrated district heating projects, on which two applications for financing of 10.07 million Euro, were submitted and are being assessed by the MA.

At the same time, the accelerated development of the **alternative fuels infrastructure** in Romania is being pursued, so that on 13 March 2018, at the MEn initiative, *GD No 87/2018 for the approval of the Strategy on the Extension of National Market Policy Framework for Alternative Fuels in the Transport Sector and for the Installation of Relevant Infrastructure in Romania and the Establishment of the Interministerial Coordination Council for the Extension of the Alternative Fuels Market* was adopted. The strategy will support the expansion of alternative fuels infrastructure in Romania so that all modes of transport, the relevant methods and technologies can be used on a non-discriminatory basis in accordance with their efficiency, applicability and cost-effectiveness in order to ensure a high level of continuity and minimal impact on the environment and public health, both in urban agglomerations and alongside interurban infrastructure and European road, water and air transport networks. The main objectives of the strategy, aligned with national priorities and strategies, as well as with the objectives of the *Directive 2014/94/EU on the deployment of alternative fuels infrastructure*, are the following: (1) reducing the impact of the transport sector on the environment; (2) increasing transport efficiency; (3) stimulating economic growth in the alternative fuels sector. Through the programmes for installing the alternative fuels infrastructure, financed by the Environment Fund, until the end of the first quarter of 2018, 9 contracts have been concluded for the installation of recharging stations, with a financing value of 1.6 million Lei.

In order to **reduce GHG emissions in the transport sector**, the ESIF supports the development of an economically efficient, sustainable, secure and low environmental footprint transport system by financing projects *to increase safety and improve environmental conditions for all transport modes as well as those for increasing the sustainable use of airports*. Further details can be found in sub-chapter 3.3.2 *Development of sectors with potential for growth*, Transport section.

In addition, to maintain accreditation according to the Standard for *Air Carbon Accreditation (ACA)*¹⁶⁴, the implementation of measures to reduce direct and indirect CO₂ emissions at Henri Coandă Bucharest International Airport continues and actions are being carried out to identify and assess the CO₂ emissions level at Bucharest Băneasa International Airport - Aurel Vlaicu.

Through the *Programme for stimulating the renewal of the national car fleet (The RABLA Programme)*, in 2017, with an allocated budget of 195 million Lei, 28,366 high-emission vehicles were scrapped. With a budget of 133 million Lei, in 2018, 3,901 high emissions cars were scrapped so far. Through the *Programme for reducing greenhouse gas emissions in transport by promoting clean and energy-efficient road transport vehicles (the RABLA PLUS Programme)* in 2017, with an allocated budget of 45 million Lei, it was approved to enrol 860 vehicles in the programme, with 467 new cars being purchased, out of which: 370 pure electric and 97 plug-in hybrid cars. In 2018, is expected to further increase the number of electric vehicles financed (close to the threshold of 2000), as the budget for this programme increased to 120 million Lei.

At the end of 2017, AFM launched a new programme aimed at reducing CO₂ emissions from transport vehicles. Thus, *the RO-LA Combined Transport Programme* encourages the passage of freight from road to rail. By launching this programme, Romania aligns itself with a small group of EU countries applying the RO-LA system, such as Austria, Italy, Switzerland, France, Slovenia, Germany and Hungary. The *RO-LA Programme* is addressed to railway transport operators acting on Romanian territory, the financing provided by AFM for this programme amounting to 60% of the value without VAT of the invoice issued by the railway

¹⁶⁴ *The Airport Carbon Accreditation Programme*, launched in June 2009 by the International Airports Council, aims to assess the performances of airports in the management and reduction of carbon emissions resulting from the airport activities, as well as to apply a European Airports Standard with four accreditation levels: I - *mapping* (CO₂ emissions evaluation or airport's CO₂ footprint establishment), II - *reduction* (apply measures to reduce emissions), III - *optimization* (optimize the airport activities) and IV - *neutrality* (implementing of emission capping measures by introducing the offset possibilities).

transport company to the road transport company for the activities financed under the Programme.

In order to **mitigate the effects of climate change**, in 2017, afforestation works on degraded lands continued, in order to protect certain territories against harmful climatic factors. Thus, in 2017, AFM paid 16.9 million Lei for design, planting and maintenance of plantations (area actually planted - 196 ha). Forest Guards carried out the following types of works in degraded lands: 70 ha afforestation, 208 ha of tree addition and 42 ha reforestation works.

In order to **support sustainable development and to improve environmental quality**, Romania focuses in particular on **improving the management of waste, including hazardous waste**. To this end, the *National Waste Management Plan*, which also includes the *National Waste Prevention Plan*, was approved by GD No 942/2017. AFM, with the support of the Competition Council, works on the development of the state aid scheme and the financing guide, for the implementation of the *Waste Management Programme, Including Hazardous Waste*. In addition, AFM took steps towards identifying funding priorities in waste management, compared to the deficit areas of the sector. In this regard, meetings were held with several relevant stakeholders such as the representatives of the most important associations among collectors and recyclers, ANPM, the private sector and civil society. As a consequence, a legislative proposal emerged that is under public debate. At the same time, 18 phased development projects of integrated waste management systems were funded on SO 3.1 from LIOP, the EU funding for this area amounting to 208.2 million Euro, out of which 17 projects totalling 205.2 million Euro were contracted. By the end of 2018, the implementation of these projects will lead to an additional recycling capacity of 800,875 tonnes/year.

The development of environment infrastructure requires major investments for extending of water and wastewater networks, the construction and rehabilitation/ upgrading of treatment plants, sewerage networks and wastewater treatment plants. Thus, on SO 3.2 from LIOP, 70 projects were submitted for a total amount of 1,500.9 million Euro (66 projects were contracted for a total amount of 1,474.3 million Euro), out of which: 35 technical assistance projects (32 contracted projects), 5 new integrated projects for developing water and wastewater infrastructure (all of them contracted) and 30 integrated phased projects for developing water and wastewater infrastructure (29 contracted projects).

Regarding the Environment Fund financing, through the *Programme of Water Resource Protection, Integrated Water Supply Systems, Treatment Plants, Sewerage and Wastewater Treatment Plants*, 130 water and sewerage projects were finalized, with a financing value of 462.15 million Lei (41 projects finalized in 2017, with a funding value of 182.16 million Lei and one project finalized in 2018, with a funding value of 5.65 million Lei).

At the national level, at the end of December 2017, 1,732 sewer networks were inventoried, out of which 1,052 were functional and 680 at different stages of execution. With regard to sewage treatment plants, in December 2017, there were 1,055 treatment plants, out of which 782 were functional and another 273 new treatment plants, completed, to which the population had not yet been connected or in technological trials/ decommissioned. The degree of coverage with wastewater collection systems corresponds to a biological load of approx. 66.32% of equivalent inhabitants, and the degree of coverage with sewage treatment plants corresponds to a biological load of approx. 63.73% of equivalent inhabitants. The investments made during 2007 - 2017 for the wastewater infrastructure amount to approx. 5,708 million Euro, out of which 53.68% for the rehabilitation and extension of sewerage networks and 46.32% for the rehabilitation and construction of new wastewater treatment plants.

Works to improve flood protection systems continue in a fast pace. By the end of 2017, the following facilities were achieved: shore consolidation on 28.13 km; dams on 11.26 km, 281 preparations of bottom sills and falls on the riverbed, a polder and 12 km of riverbed recalibration. Procurement of technical assistance services for design continues to be funded by LIOP. Until the end of 2017, 164 municipalities and 2,166 administrative-territorial units received various works to address the threat of flooding. Complementary, 13 simulation exercises on flood defences were held in 108 settlements in Q2/2017. 22 roundtables/ seminars were organised at regional and local level, to put forward flood risk solutions and to exchange information on best practices for flood risk management.

An important contribution to tackling climate change and improving the state of the Romanian infrastructure is also provided by sub-measure 7.2 of the 2014-2020 NRDP for projects concerning road and water /

wastewater infrastructure projects. EAFRD 2014-2020 finances investment projects to modernize secondary irrigation infrastructure, buildings associated to the pumping stations and/ or connection to utilities, including modernization of collecting and storage tanks of irrigation water¹⁶⁵. The public non-reimbursable support is 100% of the total eligible expenditure and may not exceed 1 million Euro per project for irrigation systems for pressure pumping stations and access roads and 1.5 million Euro for irrigation systems related to pumping and re-pumping stations, as well as forest roads. At the same time, the investment projects for the development of the main irrigation infrastructure are supported through the national budget, within the *National Programme for Rehabilitation of the Main Irrigation Infrastructure in Romania*.

Regarding **nature protection and biodiversity conservation**, Romania is characterized by a large coverage of protected natural areas. In March 2018, 45 management contracts and a number of 320 custody contracts were in force. At national level, there are 613 *Natura 2000 sites*, out of which 442 *Sites of Community Importance (SCI)* and 171 *Special Protection Areas (SPA)*. At the same time, for the protection and restoration of biodiversity, for SO 4.1 from LIOP, at the end of March 2018, 38 projects had been contracted, totalling 208.27 million Euro.

¹⁶⁵ NRDP, Sub-measure 4.3 *Support for infrastructure investments in connection with developing, modernizing and adapting the agricultural and forestry sector / modernizing the existing irrigation infrastructure*

4.4. Renewable energy sources

In 2016, according to Eurostat, the share of energy from renewable sources in the gross final consumption was 25%. For the years 2014-2016, the values of this indicator overpass, both the European target (20%) as well as the national target (24%) established for 2020.

Key directions:

- ✓ **Improving the efficiency of supporting systems for renewable energy sources**
- ✓ **Financing the investments aiming to value better the renewable energy sources**
- ✓ **Boosting energy production from less exploited renewable sources**

To increase the share of energy from renewable sources, the **promotion of renewable energy sources (RES) continues by implementing green certificates (GC) support scheme**. An annual assessment of specific indicators (specific investment/ MW installed power, internal rate of return) is performed and these indicators are the basis of the overcompensation analysis of the green certificate promotion system for RES. In this respect, on 29 March 2018, *The 2017 Report on the Overcompensation Analysis of the Green Certificates Promotion System for RES* was prepared and published on the ANRE website¹⁶⁶. As from 1 January 2017, the GC support scheme can't be accessed by new producers of renewable electricity (E-RES), at the end of 2017, the installed power in plants benefiting from this promotion system stays at 4,787 MW. The 2017 annual quota of E-RES in gross final consumption of electricity was set at 8.3%, according to GD No 1014/2016. This share of E-RES was applied inclusive for March 2017, in accordance with the provisions of GEO No 24/2017 for amending and supplementing the Law No 220/2008, republished, as subsequently completed and amended. The mandatory GC acquisition quota for the January-March 2017 period was set at 0.210 GC/ MWh, taking into account the 8.3% share of the E-RES quota for 2017. For the period April - December 2017, the mandatory annual quota was 0.357 GC/ MWh, determined by applying the calculation algorithm on the static quantity of GC, according to ANRE Order No 27/2017.

In order to **upgrade and build new capacities for electrical and thermal energy production**, during the period 2007-2013, investments concerning biomass, hydro-energetic resources (in plants with installed power ≤ 10 MW), solar, wind and biofuels have been supported by the completion of 53 projects. For these projects, payments were made of about 1.052 million Lei; from the completed projects resulted an installed capacity of approx. 225 MW, out of which 192 MW electrical power and 33 MW thermal power. During the 5-year sustainability period from the completion of the projects (2017-2021), the monitoring of the project output indicators is carried out.

The promotion of RES through the Environment Fund has been carried out through the *Programme on Installation of Heating Systems using Renewable Energy, including the Replacement or Completion of Classical Heating Systems* (the so called *Green House* programme). 8687 funding contracts were concluded and, to date, 2,176 systems were installed; the amount financed in 2017 was 13 million Lei. Also, 8 studies have been implemented and funded on the design and operation of a smart energy system in protected areas, as well as two geothermal plants, one in Oradea and one at Agrippa Ionescu Hospital from Balotești, were implemented and financed from the 2009-2014 EEA Financial Mechanism, run by AFM.

Measures to **support the production of energy from less exploited renewable resources** (i.e. biomass, biogas, geothermal) will be financed by ESIF through SO 6.1 from LIOP. To this end, on 17 May 2017, the call for projects for the *Production Sector* was launched, and 4 projects amounting 12.95 million Euro were submitted (1 project was rejected and 3 projects were under evaluation). The call for projects for the *Distribution Sector* was launched on 3 January 2018, and 2 projects amounting 4.81 million Euro were submitted (1 project amounting 2.75 million Euro was approved and contracted; the other was rejected).

¹⁶⁶ <http://www.anre.ro/ro/legislatie/surse-regenerabile/rapoarte-garantii-certif-verzi>

4.5. Energy efficiency

According to Eurostat, both in 2015 and 2016, the primary energy consumption was 31.3 Mtoe¹⁶⁷. Historical and forecasted values associated with primary energy consumption in our country remain below the assumed limit for 2020 (43 Mtoe).

Key directions:

- ✓ **Promoting high efficiency cogeneration**
- ✓ **Modernizing the centralized district heating systems of communities**
- ✓ **Increasing the energy efficiency for the residential and public buildings and for public lighting systems**

In order to improve the energy efficiency, the **state aid supporting scheme to promote high efficiency cogeneration** (operational since April 2011) has continued to provide financial support to electricity and heat producers that own or operate high-efficiency cogeneration plants achieving fuel savings of at least 10% compared to separate energy production. The total sums granted as a bonus in 2017 reached 812 million Lei. This amount is the sum of the monthly bonuses received by the producers who have accessed the bonus support scheme, without the undue/ unwarranted bonus, determined as a result of the annual qualification in the first quarter of 2018 and without overcompensation/ overcompensation adjustment in the first quarter of 2018. 32 operators benefited from this support scheme. In January 2018, a bonus of 86 million Lei was granted and 29 operators benefited from the support scheme.

In order to **rehabilitate centralized heat supply systems**, efforts have been intensified in Romania to implement the “*Central Heating 2006-2020 - Heat and Comfort Programme*”. For 2017, 67.50 million Lei (29.75 million Lei allocated to 14 beneficiary territorial units) are allocated to finance this programme through the Law on State Budget. By setting up the investment objectives, in the 2008-2016 timeframe, fuel savings of 29,634 toe/ year were achieved.

To **support investments in installations and equipment leading to energy savings in industrial enterprises**, under the IEC SOP 2007-2013, 43 financing contracts were signed, of which 36 projects have been completed, 6 projects were cancelled and one contract is under cancellation procedure. The amount of approved funding (from the ERDF and the state budget) for the 36 completed contracts abovementioned is approx. 244 million Lei. 220 million Lei was paid for projects under this operation. During the 5-year sustainability period from the completion of the projects (2017-2021), the monitoring of the project output indicators is carried out.

The package of measures aimed at **increasing energy efficiency in residential buildings, public buildings and public lighting systems** is implemented within *ROP 2014-2020*. The allocation from ERDF and state budget, for the entire period is 1,228.46 million Euro, representing approximately 5.378,38 million Lei, out of which payments to beneficiaries amounted to 10.61 million Euro - 8.49 million Euro from ERDF and 2.12 million Euro from state budget. So far, calls for proposals for the following operations related to this package of measures have been launched: (i) A Operation - Residential Buildings (74 projects with an eligible value of 128.82 million Euro were contracted, out of which 63.12 million Euro from ERDF and 14.83 million Euro from state budget); (ii) B Operation - public buildings (10 projects with an eligible value of 25.85 million Euro were contracted, of which 21.91 million Euro from ERDF and 3.14 million Euro from state budget); (iii) C Operation - public lighting (6 projects with a non-refundable value of 19.72 million Euro were submitted).

The implementation of the *National Programme on Increasing Energy Performance in Housing Blocks* led to the completion of 1,774 apartments, for which 7.3 million Lei were spent. Within *Improving Energy Efficiency in Low-Income Households and Communities in Romania Programme*, financed by *Global Environment Facility*, through *The United Nations Development Programme*, a database of thermally refurbished buildings was developed; respectively an IT program is being implemented to help record the data about thermally refurbished buildings. MDRAP processes data about qualified professionals as project verifiers, technical experts, energy auditors for buildings, on the data management system “*Information System for the Collection,*

¹⁶⁷ Mtoe – million tons of oil equivalent

Management and Archiving of Energy Certification Data and Information, Technical Expertise and Building Design", and each specialist will be able to log in to complete the day-to-day information about their activity.

For the update of the *Methodology for Calculating the Energy Performance of a Building* and *Best Practice Guide to Achieve Cost-Optimal Levels of Minimum Energy Performance Requirements for Different Building Categories*, service contracts were signed between MDRAP and the Technical University of Civil Engineering Bucharest, No 116/28 March 2017 and 115/28 March 2017 respectively, with a maximum period of 12 months for the execution of works from the date of signing the contract, excluding the approval periods in the Special Technical Committees of MDRAP. The drafting of the papers is done in three phases¹⁶⁸, so far the Phase 1 has been handed over, following their endorsement in the Special Technical Committees of MDRAP.

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

- The guideline for *SO 6.2* has been revised *to monitor energy consumption of industrial consumers* (with an allocated budget of 12.50 million Euro). On 31 January 2018, the call for proposals has been closed, and 25 projects amounting 5.04 million Euro have been submitted so far. 5 projects were rejected, 5 projects were approved (of which 3 projects amounting 0.63 million were contracted Euro), the rest being in different evaluation phases. On 20 March 2018, a new uncompetitive call for proposals was launched, projects can be submitted between 20 March 2018 and 31 December 2018, and the total budget is 7.8 million Euro.
- On 17 May 2017, the call for proposals on *the construction and upgrading of high efficiency cogeneration power plants on natural gas and biomass (maximum 8 eMW)* was launched (according to the revised Applicant's Guideline for SO 6.4, with an allocated budget of 67.58 million Euro). So far, two projects were submitted, amounting 10.07 million Euro and are currently under evaluation.
- On 9 June 2016, the call for proposals on the *modernization of centralized heat transfer and distribution systems in certain cities* was launched¹⁶⁹ (according to the revised Applicant's Guideline for SO 7.1, with an allocated budget of 275.89 million Euro). So far, only 3 projects have been submitted, amounting 44.55 million Euro, of which 2 projects amounting 37.22 million Euro were contracted and one project is currently under evaluation.

Among the key energy infrastructure projects that support Romania to tackle energy and climate targets, we emphasize those aiming *to increase natural gas underground storage capacity*, as tools to ensure national energy efficiency and security. These projects are included in the third list of key energy infrastructure projects, adopted by the EC, in November 2017, and so called projects of common interest (PCI). They will allow a gradual development of the energy union by integrating Europe's energy markets and diversifying energy sources and transport routes. In Romania, the projects aiming at upgrading and/ or increasing the underground storage of natural gas for the Sarmasel and Depomures (Târgu Mureş) gas storage facilities are in various stages of execution.

¹⁶⁸ Phase 1 – Writing down I, including public inquiry and synthesis of observations; Phase 2 - Writing down II. Notification to the European Commission; Phase 3 - Final writing down.

¹⁶⁹ The call targets 7 pre-identified cities through LIOP (i.e. Oradea, Timișoara, Râmnicu Vâlcea, Focșani, Iași, Bacău and Botoșani) and a phased project (Bacău).

4.6. Early school leaving

Early school leaving rate: national headline target Europe 2020 – 11.3%; latest rates – 19.1% (2015), 18.5% (2016), and 18.1% (2017 – Eurostat data).

Key directions:

- ✓ **Expanding early education services**
- ✓ **Modernizing school curriculum**
- ✓ **Increasing the quality of school education**
- ✓ **Increasing skills level of students and teachers**
- ✓ **Strengthening technical and vocational education and training**
- ✓ **Implementing the *National Early School Leaving Strategy***
- ✓ **Expanding the prevention and intervention measures for students at risk of early school leaving and consolidating the social package in education**
- ✓ **Improving educational infrastructure**

With regard to **early education services** (for children aged 0-6), MEN continues to implement actions to ensure the legal clarification of the organization and operation of early education services as integrated service with the aim to become universal services. In this respect, the *Regulation on Organising and Operation of Preschool education (Minister of National Education Order No 4464/2000)* was subject to review and discussion with the representatives of trade unions and parents' associations; it is estimated that the regulation aforementioned will be adopted by the beginning of the school year 2018-2019.

Both the reviewed version of the *Methodology on Organising and Operation of Nurseries and other Early-pre-school education and care services*¹⁷⁰ and the *Early Childhood Education Curriculum* (for children aged 0-6), as reviewed and approved by the CNS¹⁷¹, are under internal endorsement procedure.

Within the non-competitive project *Inclusive and Quality Early Education*, to be funded by European funds (14.8 million Euro), a joint order of MEN, MDRAP, MMJS and MS on the elaboration and submission to Government approval of the *Methodology of inter-institutional collaboration to support early education services*. The project fiche was completed, submitted to and approved by MA HCOP. The project is to be implemented in the period 2018-2021 and it seeks the implementation of the specific curriculum for the pre-school education (within the *Early Childhood Education Curriculum*), the unitary training programme for teaching and non-teaching staff, as well as the piloting of the teaching resources related to the specific curriculum for the pre-school education in the kindergartens and nurseries from four counties (AB, DJ, GL, SV) and the city of Bucharest having children of early education age enrolled. At the same time, within the strategic and institutional component of this project, the national operational framework will be developed to foster the participation of children aged under 3 in early education services in nurseries and/or kindergartens.

To support the development of early education services the call for competitive projects titled *Developing the institutional framework for nurseries operation at national level* will also be launched and which will benefit from the results of the studies and piloting of different instruments, carried out within the non-competitive project titled *Inclusive and quality early education*.

MEN is considering the review of the *National parental education strategy* project, together with UNICEF specialists and stakeholders, so that it will be approved by September 2018.

MEN, together with other central partners¹⁷² and representatives of NGOs with relevant experience in the field¹⁷³, has carried out a series of working meetings, facilitated by UNICEF and the WB, making progress in the reviewing the *EEC*¹⁷⁴ *Framework*, as part of a broader process of reviewing and promoting the *National*

¹⁷⁰ The methodology regulates, in particular, the accreditation process of early education services, food ratios calculation, recruitment of teaching and non-teaching staff by the local authorities, the means to promote the *Early Childhood Education Curriculum*, etc.

¹⁷¹ CNS - The National Specialized Committee

¹⁷² MMJS– ANPDCA, MS, MFE

¹⁷³ Non-governmental organizations Step by Step, OvidiuRo, Agentia Impreuna, Salvati Copiii, Copiii Nostri, etc.

¹⁷⁴ EEC – Early Education and Care

strategy on early education. This process is carried out in consultation with and cooperation with MS and MMJS and aims to improve the organization and operation of these EEC services as well as to increase their quality by promoting coherent and harmonized regulatory documents (i.e. methodologies, standards, curriculum).

Regarding the implementation of the provisions of *Law No 248/2015 on stimulating the participation in pre-school education of children from disadvantaged families*, vouchers in amount of 50 Lei are granted monthly to approx. 40,000 beneficiaries whose attendance in kindergarten classes exceeds 50%. ME together with County School Inspectorates/ Bucharest School Inspectorate, and pre-school education establishments support and continuously monitor the application of the legal provisions stipulated in the Law No 248/2015.

Efforts are being made to **modernize the school curriculum for secondary, high school, vocational and technical education**. In this respect, the new *School curricula for 5th to 8th grades*, approved by the Ministry of National Education's Order (OMEN) No 3393/2017, apply from the school year 2017-2018, starting with the 5th grade. The review of the results of the public debate on the versions of the *Framework plan for theoretical high school education* is enclosed in a report to be published in April 2018 on MEN and Institute of Education Sciences (IES)' websites.

Through the non-competitive project co-financed by the HCOP *Increasing the relevance of initial vocational training by anticipating training needs for the labour market and developing the workplace learning component*, the professional qualifications, professional training standards to increase the relevance of training for the labour market, as well as the related curriculum and curricular auxiliaries will be developed/ upgraded. Completion of the project fiche was scheduled for the end of March.

In order to increase the **quality of secondary education**, OMEN No 4371/2018 approved the *Methodology for the exploitation of the Integrated Information System of Education in Romania (SIIIR) for the secondary education activities*¹⁷⁵. SIIIR is operational, but MEN will look into the possibility of introducing into this system the data on students receiving financial support through *EURO 200, Money for High School* and *Vocational Scholarship* programmes - see details below- in order to monitor the effectiveness of the programmes abovementioned from the perspective of reducing school dropout.

Regarding the increase in the quality of secondary education, it is estimated that by October 2018, the draft GD on the authorization standards for provisional functioning and accreditation shall be approved. The GD on the amendment and completion of *GD No 22/2007 on the approval of the Institutional Assessment Methodology for the authorization, accreditation and periodic evaluation of the education providers* will be approved in May 2018. The new standards simplify the internal and external evaluation of the quality of education by reorienting the quality improvement activity to core aspects, the use of data and documents already in use within the educational establishments, the computerization of the internal and external evaluation activity. Specific standards were identified for: high school, VET, post-secondary, early/ pre-school education, and for special education, including the special education that operates within re-education/ penitentiary/ detention facilities. RAQAPE carries out an extensive evaluation process of the pre-university educational establishments across the country. Roughly 600 schools have been evaluated, and in 2018 RAQAPE will continue to evaluate over 1,000 establishments, depending on the funds allocated to this purpose¹⁷⁶.

In order to increase the level of skills of students and teachers, MEN implements the project *Promoting and supporting excellence in education through the development of competences in information technology*, financed through a non-reimbursable grant by the Government of Japan. The project aims at ensuring the optimal conditions for training and development of top performers students enrolled in the 9th to the 13th grade, in Math-IT section, by endowing and operationalizing 60 computer training centres. The implementation period of the project is May 2016 - December 2018, with a budget of 8.73 million Lei. Within this project, the list of 60 high schools - Centres of Excellence in Information Technology was completed, 47 Centres of excellence being selected in Phase I, and the remaining 13 in Phase II of the project.

¹⁷⁵ SIIIR provides management services for the activities of the secondary education system from an operational, technical, administrative and strategic approach.

¹⁷⁶ This year, RAQAPE made the online platform <https://calitate.aracip.eu> available to all schools

Starting 2017, MEN draws up the list of eligible applicants to be awarded “Grants for Young Scientist *King Carol I*” funded by MCI and awarded to high school graduates who obtain outstanding results at national and international Olympiads or other prestigious competitions, and are enrolled in a Romanian university.

In November 2017, the implementation of the non-competitive project *Relevant curriculum, open education for all* (CRED) started based on a financing contract of 196.5 million Lei, concluded between MFE and MEN. The project implementation timeframe is four years. The training needs assessment is currently underway for the training of trainers and teacher training activities at national level, which will start between August and October 2018.

In terms of **strengthening technical and vocational education and training**¹⁷⁷, The 2018 Action Plan for the implementation of the *Vocational Education and Training Strategy in Romania in the period 2015-2020* and the report on the implementation of the 2017 Action Plan thereof were drawn-up.

The recommendations of the *Master Plan on the introduction of dual/ apprenticeship programmes in the initial vocational training in Romania*¹⁷⁸, developed in 2015, set-up the prerequisites for the introduction of dual education in Romania. Through OMEN No 4798/2017, the *Practical training agreement for students enrolled in dual education* was approved. The purpose of this agreement is to provide a quality vocational education and training offer for the purpose of employing graduates, according to the level of training and qualifications obtained previously. For the school year 2017-2018, companies were offered more than 3,000 places in dual education classes/ groups¹⁷⁹. Thus, 106 dual education classes were completed, involving 227 companies and 68 educational establishments. There are approximately 2,500 students enrolled in 9th grade dual education classes and 30,500 students enrolled in 9th grade in common VET establishments. For the 2018-2019 school year, the draft-schooling plan foresees 39.170 places in VET, of which 5,192 are places reserved for dual education, involving 80 VET establishments having dual education classes.

NCTVETD¹⁸⁰ scheduled for late April 2018 an information event on "Supporting companies for the development of dual education in Romania" with the participation of representatives of several stakeholders: public authorities and bodies, employers' associations, chambers of commerce, economic operators, etc.

TVET and practical training curricula were reviewed and approved in the case of lower cycle of the technological high school, and VET.

Regarding the *National Early School Leaving Strategy*, the Report on the implementation of the 2017 Action Plan was completed, and the 2018 Action Plan thereof was developed.

The ACOP funded project *Monitoring and evaluating (M&E) the strategies representing ex-ante conditionalities for the education sector and improving the decision process through performance monitoring at central and local level* aims to improve the capacity of MEN to coordinate the implementation, monitoring and evaluation of the measures included in the sectoral strategies. The project will be implemented by April 2019. Within this project, the following documents were elaborated: *Unitary Framework for Monitoring and Evaluating the Implementation of Education Strategies*, *Monitoring and evaluation methodology and specific instruments*, *Study on the assessment of public policies in the field of Work Force Development (SABER WFD) and Teaching Staff - Country Report (SABER Teachers)*. The selection of external experts will be carried out after the publication of the framework regulation to be drafted by MDRAP.

Regarding the *School after School*¹⁸¹ programme, OMEN No 4802/31.08.2017 reviewed the normative framework on the organization methodology of the programme. The impact study (ex-ante evaluation) on the financing and implementation of the programme was elaborated within the project *Development of the*

¹⁷⁷ The year 2017 was the *Year of Technical and Vocational Education and Training* in Romania. The staff of school inspectorates, TVET schools, economic operators and consultative partner bodies benefited from training and information sessions on how to organize and operate dual VET in Romania

¹⁷⁸ This Master Plan is available on: http://www.proiectdalivet.ro/wp-content/uploads/2017/03/RO_Master_Plan.pdf

¹⁷⁹ According to the provisions of the organizational framework methodology and the related timetable, in 2017-2018 school year, admittance in dual education is carried out in two stages (July 2017, and September 2017 respectively).

¹⁸⁰ National Centre for Technical and Vocational Education and Training Development (see www.tvet.ro)

¹⁸¹ *School after School* is an optional and complementary programme to the compulsory school curriculum, designed and organized by educational establishments, according to the methodological guidelines formulated by MEN.

capacity of the central public administration to elaborate impact assessments, co-financed by ACOP and implemented by SGG and WB in collaboration with MEN.

For the identification and monitoring of children outside the education system, a set of procedures is being developed within the framework of the project titled *Early warning system for early school leaving*, funded with 15,000 Euro by COM, through SRSP. In this project, an analysis will be carried out on the current situation regarding school dropout and early school leaving. MEN has also applied for funding for the second phase of the project, and awaits for a decision.

In order to **reduce and prevent school dropout and to promote equal access to pre-school, primary and secondary quality education**, the projects submitted following two calls for competitive projects were selected and shall co-financed by the HCOP:

- (i) *School for all* finances integrated social and educational measures and simultaneously targets the family, the school and the local community. The call was open to all schools, but the ones located in disadvantaged areas were given priority in evaluation. Under this call, 138 projects were selected to benefit from a total non-repayable grant of 184.2 million Euro. The projects will run for three years (2018-2021) and include cross-curricular training activities for students,
- (ii) *Motivated teachers in disadvantaged schools* is a call targeting the most disadvantaged schools having enrolled many children at risk of dropping out and being unable to attract or keep qualified teachers. This call also targets the schools organized in atypical teaching contexts: in hospitals, detention facilities, remote geographic areas, virtual schools and other forms regulated by law. Under this call, 28 contracts were signed and they will receive a total amount of 71.4 million Euro. Measures to be funded by in these projects include continuous training and motivation of teachers active in schools from disadvantaged areas.

With regard to *Second Chance Programme* (SCP), OMEN No 4093/2017 amended and supplemented the methodology for the implementation of this programme, which will continue; to the end, a non-competitive version on the expansion of SCP was developed. Within Pillar 3 of the **National Early School Leaving Strategy: Reintegration of early school leavers into the education system** through the representative programme 3.1 *Ensuring an appropriate second-chance education offer*, during 2018, an important contribution will be made by the projects selected under the above-mentioned *School for all* programme (with an estimated target group of 8.285 young people/ adults receiving support for returning to the formal education and training systems), and also by the project *INTESPO - Registration of young people in the Public Employment Service records*, carried out by Public Employment Service (ANOFM) in partnership with MEN (with a specific objective to identify at least 200,000 NEETs in order to register and profile 160,000 of them).

Regarding the **consolidation of the social package** in education targeting the groups of pupils and students facing particular risks, MEN continues to conduct annual social programmes to support students from disadvantaged areas, namely: *School supplies*¹⁸², *Money for high-school*¹⁸³, *Euro 200*¹⁸⁴, scholarships, Reimbursement of transportation costs¹⁸⁵. In order to supplement the amount allocated annually from the national budget for school supplies, MDRAPFE and MEN signed the financing contract for the project *School supplies for pre-schoolers and students - equal chances for education* financed by ACOP, having a budget of 17.31 million Lei. In the 2017-2018 school year, 360,150 pupils and students from 2nd to 8th grade, and pre-

¹⁸² Granting school supplies for pupils enrolled in public primary and lower-secondary education - daily-classes, who are supported by families whose average net income per family member is of maximum 50% of national minimum gross salary per family member. For 2018, the budget allocated to this programme is 15 million Lei, for an estimated number of beneficiaries of 540,000.

¹⁸³ Monthly scholarship (allowances) for students from social and economic disadvantaged families in order to continue their studies after completing lower-secondary education. For 2018, the budgeted commitment for this programme reaches 50.578 million Lei for an estimated number of beneficiaries of 33,500.

¹⁸⁴ Financial aid granted in order to stimulate purchase of personal computer by students from social and economic disadvantaged areas. For 2018, the budgeted commitment is 12.328 million Lei for an estimated number of beneficiaries of 13,575 students. In February 2018, a public consultation was held and the draft GD on updating the monthly gross monthly income ceiling per family member to 250 Lei, provided for by the Methodological Norms for the application of *Law No 269/2004 on the granting of financial aid in order to stimulate the purchase of computers* is to be submitted for Government approval.

¹⁸⁵ Settlement of transport. Law No 71/2018 amended art. 84 par. (1) of the Law No 1/2011 on the reduced tariff for the students enrolled in secondary education for the public local transport, surface, naval and underground transport, as well as for the domestic, rail and water transport, throughout the calendar year.

schoolers will benefit from this project. The assignment documentation for pre-school supplies was sent to NAPP and validated.

The Government has approved the list of the 50 public secondary educational establishments where the pilot programme *Hot meal for students* is being implemented during the 2017-2018 school year, and for which the budget is estimated at over 30 million Lei, the financing being provided by state budget. The estimated number of pupils and students benefitting from this programme is 30,778¹⁸⁶.

As a result of the modification of the European legislative framework by unifying the programme for encouraging the consumption of fruits and vegetables in schools with the *Milk in schools* programme, GO No 13/2017 (approved by Law No 55/2018) *on the approval of Romania's participation in the EU school fruit, vegetables and milk scheme and GD No 640/2017 on the approval of the EU school fruit, vegetables and milk scheme in the period 2017-2023 and for establishing the budget for implementation thereof in the school year 2017-2018* were adopted.

The *Professional Scholarship* programme has a budget of 162,815 million Lei, applying the provisions of *GD No 951/2017 on the way the state subsidizes the costs for students enrolled in vocational education in the school year 2018 - 2019*. 95,773 students receive scholarships in the school year 2017-2018, and 104,000 beneficiaries are estimated for the school year 2018 - 2019.

In order to *stimulate the graduates of higher secondary education to continue their studies in tertiary education* (higher education or other forms of post-secondary education), the implementation of the grant scheme for high schools in the *Romanian Secondary Education Project - ROSE* continues. The ROSE project, funded by a loan from IBRD, is implemented during 2017-2021, with 265 grants being awarded, with a total budget of 26.62 million Euro. High schools carry out activities consisting of remedial, mentoring, counselling and career guidance, coaching and socio-emotional skills development; extracurricular activities, information and minor works of renovation and interior design of school buildings (e.g., in laboratories) and procurement of goods.

Regarding the **educational infrastructure**, the *National strategy for educational infrastructure* has been finalized, being submitted to the MEN' internal circuit for approval.

Through the *Early Education Reform Project (PRET)*, with a total budget of 80.75 million Euro, having the objective of building and furnishing kindergartens, 179 kindergartens were built, out of which 40 kindergartens in 2017 and two others in 2018. In 2018, construction works are carried out for 45 kindergartens, calls for tenders for the construction of another 12 kindergartens are ongoing and other 107 kindergartens are to be furnished.

Through the National Programme for Local Development (PNDL), investment works are funded for public secondary educational establishments. Through a collaboration protocol between MDRAP and MEN, MEN provides support for the identification of the investment needs of secondary educational facilities. With the help of the SIIIR application, MEN collects data on the existing material basis of secondary education (buildings, halls, etc.), and MDRAP will provide financing for investment works. In the two stages of PNDL, a total of 3,355 public secondary educational facilities were included.

¹⁸⁶ By GD No 65/2018 on the approval of the *Methodological Norms for the application of GEO No 92/2017 on the approval of the pilot programme for the provision of food support for pre-schoolers and students from 50 public pre-university educational facilities*

4.7. Tertiary education

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

Key directions:

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

In order to ensure an open, qualitative, competitive higher education adapted to labour market needs, the *National tertiary education strategy 2015-2020* implementation is ongoing, a first Progress report on its implementation is already drawn-up and the 2018 Action Plan was developed.

In order to **support students from rural areas, disadvantaged groups and non-traditional students to participate in tertiary education**, the implementation of social programmes¹⁸⁷ for students continues: granting of scholarships¹⁸⁸, subsidies for board and lodging, partial reimbursement of transportation costs.

In 2017, Order No 3392/2017 *on establishing the general award criteria for scholarships and other forms of material support for students and learners enrolled in public higher education*, full-time learning. According to this order, the social scholarships are granted throughout the academic year.

By OMEN No 3279/2017, the *Methodology on basic and additional funding* was developed and approved; the methodology includes a set of quality indicators on regional orientation and social equity¹⁸⁹.

GD No 131/2018 on the approval of total number of student places in public pre-university and university education in the school/ academic year 2018-2019 was approved and includes, for the academic year 2018-2019, the allocation of special student places for high school graduates located in rural areas (2,000 places).

Within the framework of the ROSE project's competitive, grant scheme *Bridge summer programmes*, activities have been carried out to support high school students become more familiar with the university environment by means of running 20 grants for 127 programmes (totalling 2.6 million Euro). Under the ROSE programme, the *Non-Competitive Grants Scheme* (60 grants under implementation) and the *Competitive Grants Scheme - Learning Centres* (12 contracted projects under implementation) are ongoing. The 60 non-competitive grants will fund remedial programmes, coaching and personal development activities, mentoring and support activities (tutoring), socio-emotional skills development activities, career counselling and career guidance, workshops in specific areas, study visits or awareness campaigns for students enrolled in 1st academic year, especially for those facing the academic dropout risk. *Competitive Grants - Learning Centres* aim to create and operationalize learning centres as an additional support mechanism for students facing the academic dropout risk.

¹⁸⁷ For social programs for students there were allocated: 214,474 million Lei (for scholarships granted between January and September 2016); 128,499 million Lei (for board and lodging in the hostels of universities); 26,590 million Lei (to reimburse the transport fees for students), and 164,039 million Euro in the form of support through competitive calls. For the academic year 2016-2017, the data submitted by universities are being collected.

¹⁸⁸ According to data collected and processed by January 2017, the average number of annual scholarships awarded was: top-performance scholarships - 560; merit scholarships - 14,1749; general scholarships - 49,149; social scholarships - 14,214; scholarships funded from own funds - 7,585; occasional scholarships - 5,146; Petrila Scholarship - 4.

¹⁸⁹ Some examples of quality indicators proposed for piloting in 2017: *graduation rate of the BA academic programmes, the ratio between the total number of credits accumulated by students and the maximum load credits that can be achieved, the international professional mobility of the academic staff, joint international PhDs, monitoring the employability of graduates, completion of academic programs by people from disadvantaged socio-economic backgrounds, etc.*

Regarding the **development and integration of the information system in education and research**, the Integrated Education Register (REI) is operational, ensuring the interoperability of the system with SIIIR by integrating a correlation module and viewing the nomenclatures from the RMU¹⁹⁰ application with the SIIIR'. NIS is currently validating sets of data received from REI, and universities have access to data from the last three academic years. In order to facilitate the exchange of information and to analyse the correlation of the educational offer with the labour market requirements, REI is interoperable with the *Students, Graduates and Labour Market* (SAPM) platform.

To **develop institutional capacity and increase the degree of internationalization of higher education** and to increase its visibility and attract foreign students to study in Romania, MEN launched the competition funded by the Institutional Development Fund for Public Universities (FDI 2018). The competition is carried out according to the provisions of the *Methodology for allocation and use of the Institutional Development Fund for Public Universities*, approved by OMEN No 3094/2018. Under this order, universities can submit applications aim at the internationalization of higher education. The offer of scholarships abroad for students coming from Romanian universities annually targets more than 100 students from public and private universities in Romania who are sent to study in full or partial BA, MA and doctoral studies, in many countries across the world.

In order to increase the **quality of higher education and matching with the labour market needs**, the ACOP project *Development of MEN capacity to monitor and forecast the evolution of higher education in relation to the labour market* is currently under implementation by 2019. Through this project, a series of studies on: the mechanism for monitoring the graduates' insertion into the labour market, review of the quality and relevance of the academic curricula offered by universities, impact of higher education interventions on university and employers' offers, and the efficiency and effectiveness of higher education from the perspective of the ability to develop forecasts have been developed.

In another ACOP funded project titled *Improving public policies in higher education and enhancing the quality of regulations by updating quality standards* (QAFIN), developed by MEN in partnership with RAQAHE, the *Methodology and Guidelines for the classification of universities and the ranking of academic curricula* will be developed. The project was launched in May 2017 and will run for a period of 36 months with the support of the WB, benefiting from a total budget of 17.72 million Lei. Within this project, the development of the *Study on data and best practices at European level on quality assurance and classification in higher education and on the impact of current practices in this field at national level* was launched, and a draft *Methodology on the external evaluation of quality of higher education in Romania* as well as recommendations on the evaluation of doctoral schools have been also launched.

One of the most important measures regarding the matching of the university academic curricula with the requirements of the labour market is the **promotion of entrepreneurial education**. In this respect, *OMEN No 3262/2017 on the organization and operating of student entrepreneurial businesses in the Romanian higher education system* was issued in 2017. This order regulates the organization and operating of Student Entrepreneurial Businesses (SEBs), which are entities without legal personality set up at the level of higher education institutions in the national education system. SEBs are a mechanism for supporting, developing and encouraging entrepreneurship in universities, especially among students and graduates of higher education, in order to increase the competitiveness of Romanian universities. SEBs can be financially supported through the institutional development fund of public universities, regulated through OMEN No 3094/2018 aforementioned. According to the methodology for using the fund for institutional development, higher education institutions can submit applications aimed at setting up and supporting SEBs' activities.

Besides SEBs, pre-university and university students and graduates are supported in their professional activities through the *Career Counselling and Guidance Centres* (CCGCs), who received support with the aim to increasing the effectiveness of CCGCs' activities from the perspective of the transition from education to active life, as well as the increase of the number of tertiary and non-tertiary education graduates who become employees. Starting with 2017 and according to the methodology dedicated to the use of the fund for

¹⁹⁰ (Single) National Student Enrolment Registry. The online RMU platform is accessed via REI and is an information system that provides integrated data management for students of public and private universities in Romania for all academic years and for all study cycles.

institutional development of state universities, universities can submit applications aimed at operating the CCGCs placed in their subordination.

In 2018, Romania participates in the *HEInnovate* exercise, coordinated by COM and OECD. This exercise involves assessing the innovative entrepreneurial potential of higher education institutions, starting from their self-assessment in relation to the guide developed by the OECD and the COM. In Romania, the *HEInnovate* exercise will focus on three main dimensions: *Entrepreneurship Teaching and Learning*, *Training and Support for Entrepreneurs*, and *Knowledge Exchange and Collaboration*, while MEN, as partner, will provide the necessary support to all Romanian higher education institutions participating in this process.

In order to **create and develop an open and accessible lifelong learning framework**, the *Lifelong Learning Strategy* is being implemented, and a first Progress report and its 2018 Action Plan were developed. Within the framework of the strategy progress has been made on the following lines of action: (i) *Recognition of past learning acquisitions, including the skills obtained abroad*, by creating the related legal framework and a department within the *National Authority for Qualifications* (NAQ) in order to inform people wishing to return in Romania on such studies and skills recognition issues; (ii) *Supporting participation in European mobility programmes* by overcoming the annual related target indicator by means of the implementation of the measure *Ensuring access to ERASMUS + adult mobility programs*; (iii) *Supporting unemployed and inactive people, including through financial incentives and counselling*; (iv) *Improving the quality and availability of information* by taking steps to create an information portal for companies and training providers; (v) *Strengthening and provisioning of funding to encourage the lifelong learning market, including by improving counselling services* by overcoming the annual target indicator on partnerships concluded between VET establishments, higher education institutions and employers for services on counselling and training programmes¹⁹¹.

The *Methodology on accreditation, periodic evaluation, organization and operating of the Community Centres for Lifelong Learning* was approved by GD No 598/2017. The specific guidelines on the regular accreditation and evaluation of the Community Centres for Lifelong Learning (CCLLs) will be approved by the end of October 2018 by a joint order of MEN and MMJS. MFE and HCOP IB will launch a competitive call for projects to support the CCLLs, the Applicant's Guide for this call for proposals being under development.

The draft GD on the approval of the structure of the *National Register of Qualifications in Romania* (NQR) was finalized and will be approved after Parliament's adoption of *GEO No 96/2016 on the amendment and completion of normative acts in the fields of education, research, training and health*. The NQR will be updated and managed by the NQA as a unitary reference tool in the field of vocational education and training, ensuring both the correct access to the national and European labour market, and the harmonization of the VET system with the labour market.

¹⁹¹ By achieving 45% of the strategic goal regarding the implementation of the measure *Providing financial incentives to 150,000 people in under-represented groups for counselling services* and by achieving 50% of the strategic goal regarding the implementation of the measure *Providing financial incentives/ subsidies for 180,000 trainees in TVET to participate in vocational training*.

4.8. Social inclusion and combating poverty

In the year 2017, the number of people at risk of poverty or social exclusion decreased by 2,116 thousands persons (provisional data Eurostat) from 9,115 thousands persons to 6,999 thousands persons, as compared to the year 2008.

Key actions:

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

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

- Drafting the local development strategies in cities with a population over 20,000 inhabitants¹⁹² - 33 projects contracted for less developed regions and three projects for Bucharest-Ilfov region amounting 1.729 million Euro;
- Selection of local development strategies in urban marginalized communities¹⁹³ - 49 local development strategies were submitted for evaluation and selection, out of which 35 projects for less developed regions and 2 projects for Bucharest-Ilfov region were selected. MA ROP finalized the applicant guide for the third phase (projects submitting) in order to launch the public consultations. In February 2018, MA HCOP published for public consultation the guide *Support the operation of local action groups to implement local development strategies in towns/municipalities with a population over 20,000 inhabitants*.

One of the Government priorities is to reduce poverty and to **integrate socially and economically persons from marginalized communities**¹⁹⁴, including the ones with Roma people, both in more and less developed areas. In March 2018, 112 projects were contracted (out of which 71 for communities with Roma population), so that investments would be undertaken to facilitate participation in early education and prevention of early school leaving, access to labour market/ maintain employment, entrepreneurship, social and medical services, improvement of housing facilities, antidiscrimination activities, and legal assistance.

Investments that enable the physical, social, and economic revitalization and **the enhancement of life quality for population in urban area** are funded under ROP. During 21 August 2017 – 31 December 2018, a call for proposals with an allocation of 54.19 million Euro (EFRD and the State Budget) is delivered for the marginalized communities in county seat municipalities. The projects finance the improvement of social/ education/ cultural and recreational activities, the public urban spaces and the infrastructure of basic small-scale utilities¹⁹⁵. The small and medium-sized cities (under 100,000 inhabitants excepting the county seat municipalities) in seven development regions¹⁹⁶, including ITI Danube Delta area and EUSDR area¹⁹⁷ benefit by a distinct call for proposals running during 30 April – 30 August 2018.

Supporting the marginalized communities for which local development strategies were elaborated and approved under 2014-2020 NRDP is based on an integrated approach in areas such as social and medical services, education, employment, fighting segregation, housing, etc. A finance of 105.989 million Euro was

¹⁹² HCOP, PA 5 – Community led local development, IP 9vi - Community led local development (CLLD)

¹⁹³ HCOP, PA 5 – Community led local development, SO 5.1 and ROP, PA 9 Supporting the economic and social regeneration of deprived communities in urban area SO 9.1

¹⁹⁴ HCOP, PA 4 Social inclusion and fighting poverty, IP 9ii - Social and economic integration of marginalized communities such as Roma

¹⁹⁵ ROP, PA 4. Supporting the sustainable urban development, IP 4.3. Supporting the physical, economic, and social regeneration of deprived communities in urban and rural regions

¹⁹⁶ North-East, South-East (excepting ITI Danube delta area), South-Muntenia, South-West Oltenia, West, North-West and Centre

¹⁹⁷ ROP, PA 13. Supporting the regeneration of small and medium-sized cities, PI 9b. Supporting the physical, economic, and social revitalization of deprived communities in urban and rural regions, SO 13.1. Improving life quality of population in small and medium-sized cities in Romania

allocated to **implement local development strategies in marginalized communities in rural area and/or cities with a population up to 20,000 inhabitants**¹⁹⁸.

Since 2014-2020 NRDP was launched, 239 LAGs in rural area were supported. Their objective is to implement the local development strategies that cover 9,793,458 inhabitants (86.21% of population targeted by LEADER); 147 new jobs will be generated through the delivery of contracts signed in 2017. In addition, 692 contracts (with a value of 40.28 million Euro) were signed in order to implement actions under local development strategies, including investments in the infrastructure of non-residential social service which is poor in the rural area and actions dedicated to ethnic minorities – Germans, Roma, Tatars, etc. Then, 103 strategies put forward at least one measure dedicated to ethnic minorities, especially the Roma one, **actions of social inclusion and segregation avoidance, promotion of tradition and cultural heritage specific to ethnic minorities** (amounting about 6.713 million Euro).

The creation, the improvement, and the development of all type of basic infrastructure are financed in order to **increase the life quality of rural population**. Since 2014-2020 NRDP was launched, 995 contracts were signed and other 311 projects were transferred under the transitional provisions to 2014-2020 NRDP, with total remitted payments of 393.88 million Euro. Therefore, 2,227,720 inhabitants in rural area will benefit by all these investments, out of which 1,343,599 through the completion of projects contracted only in the year 2017.

The poor infrastructure and low quality services in rural area are determinants of inequality of chances for the population in these areas compared to urban areas, so that the implementation of the contracted investments provides better employment opportunities:

- 277 kindergarten/crèches and upper secondary agricultural education units, out of which for 165 units the contracts were signed in the year 2017;
- 1,476 km of water supply pipelines (new networks/development/renovation), out of which 1,196 km of water supply pipelines will be built according to contracts signed in the year 2017 and 2,587 km of sewerage pipelines, out of which 2,015 km of pipelines will be built due to the completion of investments contracted in the year 2017;
- 2,845 km of local roads modernized/new built, out of which 1,587 km through the completion of investments contracted in the year 2017.

The poor condition of the infrastructure in the Danube Delta area becomes a bottleneck in the economic development and in the creation of new employment opportunities. Three contracts of investments in local road infrastructure (with a value of 2.918 million Euro), one for education and social infrastructure (with a value of 0.495 million Euro) and one for water supply/ sewerage pipelines (amounting 1.211 million Euro) have been signed by March 2018.

Another governmental objective is to increase the access to sustainable and quality services, so that the development of integrated community services (ICS) will be financed under ESF for 139 disadvantaged communities (132 in rural area and seven in urban area). Therefore, MMJS completed a project fiche and submitted it for consultation to MFE (MA HCOP). The integration of medical and social services, the development of quality and affordable social assistance system and the network of the community medical assistance will benefit by a finance under ESF. The call for proposals *Integrated community services*¹⁹⁹ runs during 2 April - 29 May 2018. The operational framework will be drafted, recommendations will be prepared to multiply the ICS model and to transpose it to the national legislation, the online application for integrated community teams will be developed, and the county support and supervision teams will render operational. The estimates indicate that minimum 332 persons (139 social work assistants, 141 community nurses, 52 school mediators/counsellors) will be upskilled.

By implementing the *2014-21020 National Strategy for Promoting the Active Ageing* funds were allocated

¹⁹⁸ HCOP, PA 5. Community led local development, S.O. 5.2. Reducing the number of persons at risk of poverty or social exclusion in marginalized communities in rural area and in cities with a population up to 20,000 inhabitants through the implementation of integrated measures/operations under CLLD

¹⁹⁹ HCOP, PA 4. Social inclusion and poverty combating, IP Increasing the access to affordable, sustainable and high quality services, including medical assistance and social services of general interest, SO 4.5, 4.6, 4.10

under 2014-2020 EFRD and the State Budget in order to develop the infrastructure of social services without a residential component dedicated to old persons at risk of poverty or other vulnerability²⁰⁰. For the call for proposals ran in the year 2017, 87 projects were submitted, which were in different stages of evaluation. Three projects amounting 1.87 million Euro (EFDR and the State Budget) have been contracted by March 2018.

In order to **prevent the institutionalization of old dependants**, the State Budget will finance two programmes delivered over two years that are dedicated to developing the public network of community household services and to strengthening the capacity of public social assistance services in some territorial administrative units. The first programme will support the implementation of the case management and the social proximity principle for about 1,000 old dependants. The second programme will provide assistance for about 1,000 local public administrative authorities in order to render operational/ manage/ provide social services and it will finance the employment of 1,000 social work assistants in territorial administrative units (villages) where the public social assistance service was not created/ accredited.

According to the National Strategy *A Society without Barriers for the Disabled Persons*, Romania undertook to mobilize some financial resources to **deinstitutionalize the adult disabled persons**. A finance of 16.32 million Euro (EFRD and the State Budget) was allocated to support the investments in social service infrastructure (day centres and sheltered houses); under the call for proposals ran by 20 April 2018, 12 projects were submitted which are in different stages of evaluation.

The share of people with special needs in total groups with complex needs, which are registered at ANOFM and benefited (through the *2017 Employment Programme*) by the vocational counselling and information was 85.49%. Considering the diversity and the coverage degree, one of ANOFM objectives is to improve the quality of services provided to **disabled jobseekers and employers**. ANOFM and ANPD submitted to MFE the project *INCLUDDIS – Support for the integration of disabled persons into the labour market through the development of a network of PES experts (CSR 2)* whose fiche was validated on 27 February 2018²⁰¹. The project funded under ESF (4.825 million Euro) targets 2,100 disabled jobseekers, 250 employers, and 192 employees of 42 county agencies and 8 regional centres for adults' training. Two authorized training programmes (provided by CNFPPP²⁰² Râșnov) on the relationship with the disabled persons, two instruments on providing information and counselling to the disabled unemployed and the upgrading/revision of an application used by the disabled persons (previously provided under 2007-2013 HRDSOP) will be developed.

In the year 2018, the Government increases in two stages (in January and July) the amount of the benefits for the disabled persons²⁰³, and the minimum amount of the child rearing indemnity provided to persons who rise dependent children with disabilities²⁰⁴ increased starting with 1 January.

In addition, on 29 March 2018, the Government approved some measures²⁰⁵ aiming at encouraging microenterprises and individuals to support the non-profit activities and religious cult units that are accredited providers of social service with at least one licensed social service. Thus, microenterprises sponsoring and financing the activity of social service providers organized as NGOs and religious cult units will benefit by a deduction of the amounts afferent to the income tax, up to 20% of the tax due for the quarter in which they incurred the expenses. In case of individuals, the share of the income tax could be donated in order to support NGOs and religious cult units that are accredited providers of social services with at least one licensed social service increases from 2% to 3.5%.

According to the *2015-2020 Strategy of the Romanian Government on the inclusion of the Romanian citizens belonging to Roma minority*, in order to ensure a better access of Roma people to a decent housing and to improve their life quality, the pilot programme **Social housing for Roma communities** continued to be implemented in the year 2017. The State Budget financed investments for 63 housing units, out of which 21 housing units were completed and accepted. In the year 2018, investments will be implemented for 105

²⁰⁰ ROP, PA 8. Developing health and social infrastructure, IP 8.1-Investments in health and social infrastructures that contribute to the national, regional and local development, reduce health inequalities and promote social inclusion through the improvement of social service, cultural and recreational services, and the transition from institutionalized social services to local community services, SO 8.3

²⁰¹ HCOP, PA 3 – Jobs for all, SO 3.10 and 3.11

²⁰² *National Training Centre for ANOFM staff*

²⁰³ GEO No 60/2017 on amending and complementing the Law No 448/2006 on protecting and promoting the rights of the disabled persons

²⁰⁴ GEO No 82/2017 on amending and complementing some laws

²⁰⁵ GEO No 25/2018 on amending and complementing some laws and on approving some fiscal and budgetary measures

housing units, out of which for 63 housing units the building is ongoing, for 21 housing units the design is ongoing, and other 21 housing units will be included in the programme.

Ensuring the food supply and facilitating access to education are critical to **reduce poverty among people at risk of severe material deprivation**. During 2014-2016, with a financial support of FEAD, 6,347,777 deprived persons (out of which 1,277,604 children aged under 15 years old) received basic food packages and they benefited by measures fostering their social integration. Another call for proposals dedicated to providing food supplies and hygiene products runs during October 2017 - December 2018. For 2017-2018 school year, in order to prevent the school dropout among the most disadvantaged children, about 360,000 pupils enrolled in the pre-primary, primary, and secondary education system are benefiting by school supplies.

The national health system reform continued and a series of measures are under implementation aiming at: increasing the access of people at quality medical services, improving the efficiency and the financial sustainability of health system, modernizing the health infrastructure and healthcare network at regional level, reducing the morbidity and mortality caused by communicable and non-communicable diseases and informatization of the health system. The implementation of some actions to improve the quality and efficiency of public services within the Romanian health system by promoting public integrity and accountability in resource management continued; by carrying out these actions, one could respond to CSRs requirements addressed to Romania by the EC in the health field. Regard to increasing the availability of outpatient care services, issue also mentioned in the 2017 CSRs and in the *Country Report Romania 2018*, national authorities aim to step up their efforts to guide of hospital services toward to the services provided much closer to the community (through the ambulatory and community care).

The implementation of 15 health programmes has continued in order to **increase the access of vulnerable people to health services**, in the fields as vaccination, the prevention, supervision and control of HIV/ AIDS infection or tuberculosis, surveillance and limitation of microbial resistance and the healthcare-associated infections, monitoring the use of antibiotics, the transplantation of organs, tissues and cells of human origin, the women and children health, etc. A total of 465,230 retired people with monthly income of <700 Lei and, starting from July 2017, the retired people with incomes from pensions and social allowances and earning a monthly income of <900 Lei (whether or not they have other earnings) benefited of medicines (corresponding to the common international nomenclature from the sub-list B) in outpatient with 90% compensation from the reference price.

The network of health care from local communities has been developed in six counties to improve the access to medical services for people living in remote and isolated communities. 45 community health centres were set up/ upgraded/ equipped/operationalized (by the *Norwegian Financial Mechanism*) and seven centres were set up (by the *Swiss Financial Mechanism*), while 44 community nurses were employed thereof. MS has developed the guides for screening and treatment of seven types of medical conditions such as tuberculosis, chronic liver or cardiovascular diseases, and all interventions (which are supported by ESIF) designed to implement the screening programmes involve the granting of preventive and curative services, mainly in outpatient, to people either covered by public health insurance scheme or not, and particularly to people from vulnerable groups. In addition, the *GEO No 18/2017 on community healthcare* was approved to regulate this kind of medical care and to set up, and operate the integrated community centres in order to facilitate the access of people, especially of vulnerable groups, at the medical services, integrated with social and educational services, at community level. The Law No 180/2017 approved GEO No 18/2017, and the enforcement norms thereof were developed and are under inter-ministerial approval procedure.

To **improve the efficiency and financial sustainability of the health system**, the procurement of consultancy services is foreseen to implement of an estimation system of the real costs for provision to the various hospital services²⁰⁶, and the results will be used to update the payment system from hospitals. In addition, a technical working group will be set up to develop the terms of reference for contracting of the consultancy services. Starting from 2019, improving of the financed system of the primary health care as part of the outpatient care will be realised by introducing the financing based on performance criteria, through the methodological norms of the application of the Framework Contract which regulates the provision of medical assistance, medicines and the medical equipment within the social health insurance system for the 2018-2019. In 2018, the fund

²⁰⁶ Within the project *Sanitary Sector Reform – Improving the Quality and Efficiency of Sanitary System*

allocated to primary healthcare care has increased with approximately 17% compared to 2017. The outpatient services were extended by introducing in the basic package, medical services that can be provided in outpatient clinics (previously being provided predominantly by day hospitalization) – enacted in *GD No 140/2018 on the approval of the services packages and the Framework Contract which regulates the provision of medical assistance, medicines and the medical equipment within the social health insurance system for the 2018-2019* and the methodological enforcement norms of the GD approved by the MS/CNAS Order No 397/836/2018. Furthermore, the day hospitalization services package was been expanded for diseases that previously were provided by the continuous care within hospitals. To develop the capacity of the health technologies assessment for medicines, a set of amendments to the GD No 720/2008 on updating the list of reimbursable drugs were approved and 32 new medicines were included in 2017.

In view of **modernizing the health infrastructure and healthcare network at regional level**, MS is currently preparing the construction (through ROP) of three emergency regional hospitals for which the feasibility studies are under preparation phase, as a result of the conclusion of the Agreement between MS and EIB; the major project application will be submitted to EC by the end of 2018. The plots of land from Iasi, Craiova and Cluj where the three emergency regional hospitals will be built were allotted given, by GDs, to MS management and in this respect, three protocols were signed, according to legal provisions in force. A total of 20 county hospitals (12 for equipping and 8 for rehabilitation/ modernization purposes) benefited of funds from MS budget for the rehabilitation/ modernization/ equipping works, and other 19 health care facilities received equipment and medical devices. From the EBRD 8362-RO loan, 41 emergency hospitals were endowed with medical facilities²⁰⁷ and 21 county hospitals were equipped with anaesthesia equipment for operating theatres. In addition to the 45-community health centres that were set up, upgraded, equipped and operationalized by the Norwegian grants, 78 *Emergency Units* received equipment funded from the EBRD 8362-RO loan and seven hospitals were selected in order to be rehabilitated and having their outpatient services developed. In the case of the measures under MDRAP responsibility, the call for projects for rehabilitation/ modernization/ expanding/ equipping the ambulatory units was launched in April 2018, as a result of the MS prioritization criteria. The call for projects for community socio-medical integrated centres will be launched after the enforcement norms for the application of the *Law on community healthcare* will be published. The call for projects for rehabilitation/ modernization/ expanding /equipping the 43 Emergency Units and the strategic interest components of the regional networks of emergency units from hospitals was launched and open until 18 April 2018²⁰⁸. These actions refer to enhanced access at first-line therapy services for people facing difficulties, living in poor and remote areas, the emergency services being granted to all persons, whether covered or not by health insurance system.

Some steps have been taken to **increase access of people to quality healthcare services**; a strategy on the reorganization of the speciality ambulatories and the conversion of the local hospitals into diagnosis and treatment centres is under preparation stage Also, within MS, a working group is drafting school medicine norms that will be included in the new health legislations package, and the *Order of the Minister of Health No 446/2017 on the approval of standards, procedure and methodology for the assessment and accreditation of hospitals* has been approved to define the minimal quality standards for all medical services providers.

To **reduce the morbidity and mortality from communicable and non-communicable diseases**, the preventive/ early diagnosis services were provided and campaigns were organized to inform/ educate/ communicate people, especially from vulnerable and disadvantaged groups, at national and local level. The *Multiannual Plan on promoting a healthy lifestyle* is under implementation and in 2017, the preventive/ early diagnosis services for women and children were provided through the vaccination of 751,398 children, HIV testing in the case of 61,193 pregnant women, testing for phenylketonuria and congenital hypothyroidism of 78,157 children. A number of 14,402 new-borns received hearing screening, 1,922 new-borns benefited from retinopathy screening, and 691 pregnant women were tested for the prevention of congenital malformations. In addition, eight mobile units for screening of uterine cervical cancer were purchased, two screening centres of some oncology institutes were rehabilitated and a new centre from one county hospital was set up. Moreover, 37 campaigns were organized to inform/ educate/ communicate on various topics, especially for people from vulnerable and disadvantaged groups, 14 being organized by the *National Agency for Health*

²⁰⁷ In-hospital transport equipment, ECGs, defibrillators, resuscitation kit, heating system for new-borns, patients etc.

²⁰⁸ The call allocation is 33 million Euro (ERDF).

Programmes (MS) and 23 by the INSP at national level and which were implemented at local level through the activities of the county *Health Public Departments* and local partners. IEC leaflets to inform and raise the awareness of the Roma population about frequent chronic diseases (i.e. diabetes, high blood pressure), tuberculosis and virosis in children were presented by the community nurses and health mediators, these activities being organised in more than 450 vulnerable communities.

Measures taken by the CNAS regarding treatment of patients with haemophilia and rare diseases within the *National Programmes for Curative Health* are in line with the growth targets of the life quality for these patients. Along with increasing funding to the National Programme for haemophilia and thalassemia, the restructuring and correlation of its structure with the amendments brought to the therapeutic protocol were also achieved, this protocol being currently in accordance with EU promoted rules. Four new diseases²⁰⁹ were included in the National Programme of treatment for rare diseases, and for one rare disease *Chronic immune thrombocytopenic purpura in splenectomised and non-splenectomised adults*, the cost-volume contract for the *Eltrombopag* medicine is ongoing.

In order to **continue the digitization of the health system**, MS transmitted to MCSI, for information purposes, the funding priorities requested at central level and CNAS submitted two project fiches designed to extend the integrated electronic system²¹⁰. At the same time, CNAS has been pursuing the implementation of the projects related to both the connection to the *Electronic Health Record* of some medical specialties, including an electronic system for medical prescriptions and the extension of the electronic prescription for narcotic and psychotropic medicines. Furthermore, 102 centres were equipped with telemedicine equipment and services for extending the system of classifying the patients based on the diagnosis groups (Diagnosis Related Groups - DRGs) were acquired. CNAS obtained European funding (of about 1 million Euro) for other IT project titled *Open Source Healthcare Insurance Gateway for Electronic Exchange of Social Security Information* which will allow the exchange of information exclusively electronically (the communication was carried before only through postal services) with counterpart institutions from other EU countries.

Steps have been made to **improve the quality and efficiency of public services in the Romanian healthcare system by promoting integrity and accountability within the management of resources**. In this respect, under the specific objective *Increasing of integrity, reducing vulnerabilities and risks of corruption in the public health system* from the *National Anticorruption Strategy 2016-2020* various measures are under implementation, such as identifying and managing the risks of corruption in the medical units, monitoring the incompatibilities and conflicts of interest within the public health system, improving the activity of the *Ethics Councils*, *Mechanism of Feedback from Patients* and management performance evaluation criteria for public hospitals managers etc. Another important measure is aiming at making the use of public resources more transparent by collecting data on the *data.gov.ro* portal in a centralized manner. In this regard, the IT platform for information transparency on public procurements and the contracts involving the use of public funds at public hospitals level, county ambulance services and institutions with legal entity subordinated or coordinated by MS was developed. The IT platform is operational and since 2017 MS uploads data regarding public procurements of the public health units based on the agreement between MS and AADR related to the exchange of the data bases on public procurements carried out in the health system through SEAP. In 2017, according to the MS Order No 1258/2016²¹¹, data regarding 3310 award procedures defined by the Law No 98/2016 on public procurement and 4014 direct purchase procedures were published on the IT platform www.monitorizarecheltuieli.ms.ro (*Public procurement section*). According to the joint MS/MFP Order No 858/1194/2012²¹², data on the financial reports of 378 public hospitals were published in 2017 on the IT platform www.monitorizarecheltuieli.ms.ro (*Hospitals spending*). Based on this data, 12 monthly reports were drafted and submitted to the minister of health and the minister of public finances.

In order to improve the activity of the Ethics Councils, the MS Order No 446/2017²¹³ contains a reference consisting of standards on medical ethics and patient rights used to develop the working tools of these councils,

²⁰⁹ Pulmonary fibrosis, muscular dystrophy, hereditary angioedema and Leber hereditary optic neuropathy

²¹⁰ Based on the two project fiches submitted to MCSI, the *Guideline for applicants* was drafted.

²¹¹ For transparency of data on public procurements and the contracts involving use of public funds at public hospitals level, county ambulance services and institutions with legal entity subordinated or coordinated by MS

²¹² On establishing the sending and reporting method on the implementation of the revenue and expenditure budget in order to monitor the public hospitals expenditures

²¹³ On the approval of standards, procedure and methodology for the assessment and accreditation of hospitals

representatives of patients associations being part of the Ethics Councils of 121 public hospitals. Procedures for the establishment of a common mechanism for monitoring and control of the providers from the social health insurance system have been initiated at MS and CNAS level, and has been financed from MS funds received under Law No 318/2015 on the setting up, organization and functioning of the *National Agency for the Management of Seized Assets*. To strengthen the control and integrity structures of the MS and to extend attributions thereof, the *GD No 144/2010 on the organization and functioning of the Ministry of Health* was amended, the integrity structure being transformed into the *Directorate for control and integrity*.

The data collection regarding the patients' satisfaction degree towards the medical services received in public hospitals is made through the *Mechanism of Feedback from Patients*, implemented since 2015. The MS Order No 1501/2016²¹⁴ revised this mechanism and as of December 2016 the data collection became independent of health care facilities and it is carried out by patients, via SMS or internet, after their discharge from hospitals. Until the end of 2017, approximately 45,000 completed surveys sent by SMS and 68,000 surveys sent by internet were analysed.

Implementing the measures in the health field will continue by increasing the access of people, including of the vulnerable groups, at quality medical services, improving the efficiency and financial sustainability of the health system, modernizing the health infrastructure and healthcare network at regional level, and through reducing the morbidity and mortality rates caused by communicable and non-communicable diseases. Another measure pursued by MS aims at monitoring the implementation of the *National Health Strategy 2014-2020*. In order to digitize the IT health system, MCSI continues to consolidate the integrated IT system in the field of e-health, including the telemedicine. Improving the quality and efficiency of public services within the Romanian health system is also envisaged by promoting public integrity and in terms of resource management accountability. For the current year, MS foresees achieving new measures such as: running screening programmes for early diagnosis in case of communicable and non-communicable diseases, the adoption of the law on vaccination, increasing the number of various medical services provided in outpatient and daytime hospitalization, approving the enforcement norms for the regulation on the community centres and the socio-medical services in order to develop models of socio-medical integrated services at local communities level, as well as introducing new innovative medicines in the list of reimbursable drugs.

²¹⁴ On the approval of the implementation of the Mechanism of Feedback from Patients in public hospitals.

5. INSTITUTIONAL ISSUES AND STAKEHOLDER INVOLVEMENT

Developing 2018 NRP

The 2018 NRP was developed under the coordination of the Minister Delegate for European Affairs²¹⁵ based on the contributions provided by the institutions with responsibilities in implementing the objectives of the *Europe 2020 Strategy* and in the sectors covered by the key-documents of the European Semester (i.e. AGS or CSRs).

The new programme maintains the structure of the previous document; according to EC guidelines, *2018 NRP* contains elements relating to the state of play of the actions undertaken by 2017 NRP, including the state of play of response measures to 2017 CSRs. It also comprises proposals for new actions defined in line with the priorities established at EU level, as well as with those from the *Programme for Government* and other national strategic documents of cross-sectoral nature.

At the same time, 2018 NRP provides the framework to respond to the main challenges raised in the EC *Country Report Romania 2018* in areas such as *fiscal-budgetary policy, labour market, education and social policies, business environment or public administration*.

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

Stakeholder consultation

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

During 2017, MAE provided and presented to the commissions of the Parliament of Romania a series of briefings on the key documents of the European Semester (i.e. AGS, Alert Mechanism Report, EMU Deepening Package, Country Report, etc.). MAE also responded to the demands of the Chamber of Deputies and the Senate on the European issues, thus enhancing the good cooperation with the representatives of these institutions.

At the same time, starting with September 2017, MAE, through the Minister Delegate for European Affairs, has made several steps to consult the significant stakeholders in order to have a structured dialogue framework allowing a broad debate on the European Semester and generating a stronger ownership of the future NRP: the public event *2017 European Semester. Country Specific Recommendations and National Response Measures* (21 September 2017); meetings of the Minister Delegate for European Affairs with the high-level representatives of the stakeholders (25 October and 15 December 2017); thematic working groups (expert-level) covering the main areas addressed within NRP²¹⁶.

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

On 11-18 April 2018, NRP draft was submitted, for consultation purposes, to the relevant stakeholders at national level in order to ensure a higher ownership of the commitments. As a result, their contributions were attached to this document.

Moreover, the debate on the *Country Report Romania 2018* with the representatives of the stakeholders and of the main institutions in the central public administration (in the context of a conference organized by the

²¹⁵ According to GD No 16/2017 on the organization and functioning of MAE, art. 1, point 44

²¹⁶ *Public Administration, Fiscal-Budgetary and Financial Issues* (12 February 2018), *Business Environment, Competitiveness and Research-Development-Innovation* (12 February 2018), *Employment, Social Policies, Social Inclusion (including Health) and Education* (14 February 2018), *Energy, Environment and Climate Change* (16 February 2018).

EC Representation in Romania on 11 April 2018) was a good opportunity to retain some useful ideas for drafting *2018 NRP*.

Monitoring 2018 NRP

An action plan drawn up under MAE coordination, involving the institutions represented in the *Working Group for Europe 2020 Strategy* (technical level), ensures the implementation of the commitments stipulated within the NRP. This plan goes in depth with the measures undertaken by NRP and sets up the responsibilities, deadlines, output indicators and budgets required. It also includes the measures relating to CSRs' implementation.

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

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

For a periodic review of the progress made in the NRP and CSRs implementation, the national coordinator of the *Europe 2020 Strategy* elaborates reports, in collaboration with the institutions in charge and presents them to the Executive for information purposes.

ANNEX I: NATIONAL EUROPE 2020 TARGETS

<i>Europe 2020 objectives</i>	National 2020 target	INDICATORS EVOLUTION								
		Initial value/ year	2010	2011	2012	2013	2014	2015	2016	2017
1. Employment rate for population aged 20-64*	70%	-	64.8%	63.8%	64.8%	64.7%	65.7%	66%	66.3%	68.9% P**
2. Gross expenditure on R&D (% of GDP)**	2% (1% public sources + 1% private sources)	0.46% (0.27% public + 0.19% private)/ 2009	0.45% (0.28% public + 0.17% private)	0.49% (0.31% public + 0.18% private)	0.48% (0.29% public + 0.19% private)	0.39% (0.27% public + 0.12% private)	0.38% (0.22% public + 0.16% private)	0.49% (0.27% public + 0.22% private)	0.48% (0.21% public + 0.27% private)	n.a.
3. Climate change and energy (20-20-20)										
<i>Index of greenhouse gas emissions (excluding LULUCF) ***</i>	80	100/1990	49.52	51.82	50.60	46.71	46.76	47.10	45.61	n.a.
<i>Index of greenhouse gas emissions in non-ETS sectors ***</i>	119	98.1/2005	95.56	92.92	91.78	98.08	98.06	96.71	98.12	n.a.
<i>Share of energy from RES in the gross final energy consumption (%)*</i>	24	17.6/2005	23.4	21.4	22.8	23.9	24.8	24.8	25.0	n.a.
<i>Final energy consumption (Mtoe) *</i>	30.3	24.7	22.6	22.8	22.8	21.8	21.7	21.9	22.3	n.a.
<i>Primary energy consumption (Mtoe) *</i>	43****	33.9/2005	34.3	34.8	33.6	31.0	30.6	31.3	31.3	n.a.
4. Education										
<i>Early school leaving *</i>	11.3%	15.9%/2008	19.3%	18.1%	17.8%	17.3%	18.1%	19.1%	18.5%	18.1%
<i>Share of population aged 30-34 years with tertiary education level *</i>	26.7%	16%/2008	18.3%	20.3%	21.7%	22.9%	25%	25.6%	25.6%	26.3%
5. Promoting social inclusion, in particular by reducing poverty – reducing with at least 20 million the number of people at risk of poverty or social exclusion *	Reducing with 580 thousand the no of people at risk of poverty or social inclusion as compared to 2008	0/2008	- 689 thousand people *	- 849 thousand people *	- 441 thousand people *	- 723 thousand people *	- 1.071 thousand people *	- 1.680 thousand people *	- 1.420 thousand people *	- 2.116 thousand people P

* Source: Eurostat

** Source: National Institute for Statistics (the Employment rate for population aged 20-64 stands at 68.8% according to INS communicate No 99/18 April 2018)

*** Source: Data provided by MM, according to the last version of the National Greenhouse Gas Inventory Report (INEGES), drafted by Romania in March 2018, for the period 1989-2016.

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

ANNEX II: Stakeholders contributions



- APROMECA -
ASOCIAȚIA PROFESIONALĂ PATRONATUL ROMÂN DIN
INDUSTRIA DE MECANICĂ FINĂ, OPTICĂ ȘI MECATRONICĂ
Șos. Pantelimon, Nr. 6-8, Sector 2, București, cod 021631
Tel.: 021.252.30.68/69, Fax: 252.34.37;
E-mail: apromecca@apromecca.ro; incdmtm@incdmtm.ro

Nr. 44/19 IV 2018

Propuneri / modificari la PROGRAMUL NAȚIONAL DE REFORMĂ 2018,

În ce privește **Programului Național de Reformă 2018**, la capitolul 4.2. **Cercetare, Dezvoltare, Inovare (CDI)**, ar trebui să se introducă următoarele:

1. la pag. 46, a-2-a frază de început, se va schimba denumirea «Consiliul Național al Directorilor Generali de Institute Naționale de CD» în denumirea de «**Asociația Consiliului Institutelor Naționale de Cercetare-Dezvoltare din România - CINCDR**», aceasta corespunde **denumirii agreate și înscrise la Tribunalul București**, ca urmare a Adunării Generale a Directorilor Generali de INCD-uri din data de 02.04.2018 (Asociația CINCDR s-a constituit în conformitate cu OG nr. 26/2000 și OG nr. 57/2002).

2. în completare la Programul NUCLEU – pag. 47, după “bugetul alocat în 2018 este de 448,8 mil. lei” – textul :

« Programul NUCLEU e necesar a se continua și a se derula fără întrerupere în perioada 2018-2022, asigurând INCD-urilor posibilitatea efectuării de cercetări fundamentale și aplicative în domenii avansate, înalt – specializate și la granițele cunoașterii științifice, și totodată șansa reală a cercetătorilor științifici de a face progrese reale și cuantificabile în aceste domenii științifice high-tech de Cercetare - Dezvoltare - Inovare, cu rezultate remarcabile pentru societatea românească. Se crează astfel un sistem durabil și înalt competitiv al cercetării, care este o prioritate absolută și necesită o finanțare continuă, pentru a se obține performanțe competitive și pe termen lung. »

3. la pag. 50, după ultima fraza a capitolului 4.2. – care se termină cu “... în 2019, a unei cooperări bilaterale în știință și tehnologie” – textul :

« Totodată, e necesar a se promova în viitor (2018-2022) de către Ministerul Cercetării și Inovării a cel puțin 4+6 mari proiecte de C-D noi, la nivel național, prin care să se susțină dezvoltarea Cercetării și Inovării în România prin aportul direct al INCD-urilor, precum și creșterea stabilității economice și societale.

Referitor la mari proiecte C-D, este necesar a se demara inițiative de proiecte de C-D și respectiv acte legislative prin care România să demareze susținerea domeniilor specializate inteligente, precum:

- «**Mecatronică și Cyber-MixMecatronică** pentru dezvoltarea competitivă și avansată a Mediilor Industriale, Economice și Societale»
- «**Industria 4.0**, motor de dezvoltare a economiei românești»
- «**Agricultura Inteligentă** strategie de dezvoltare națională și europeană»
- «**Medicina Inteligentă** bază de asigurare a sănătății la nivel național și european»
- «Domeniul **aero-spațial high-tech** vector de dezvoltare sustenabilă și securitate națională și europeană»
- «**Servicii digitizate inteligente**, vector de dezvoltare a orașelor inteligente în România și în Europa» »

Cu stimă,
Președinte APROMECA
Prof. univ. dr. Ing. dr. h.c. Gh. GHEORGHE





BLOCUL NATIONAL SINDICAL

Strada Turburelelor, Nr. 11A, Etaj 3, București, România
Tel/Fax: 021 - 316.27.98; 316.27.99; 316.28.01;
www.bns.ro bns@bns.ro



Afiliată Internațional la C.S.I. și C.E.S.

Către,

Ministerul Afacerilor Externe



Ref: Programul Național de Reformă 2018

Conform Joint Employment Report 2018 adoptat de EPSCO în martie 2018 România se află în situație critică în cazul a 7 din cei 12 indicatori principali din tabloul de bord în domeniul social, deși are, alături de Polonia, cele mai bune performanțe în ceea ce privește creșterea economică.

Cu toate acestea Programul Național de Reformă 2018 alocă foarte puțină atenție domeniului iar direcțiile de acțiune sunt îndreptate într-o proporție covârșitoare către serviciul public de ocupare și diverse proiecte implementate de această instituție, cu finanțare din fonduri europene. Cele mai multe din aceste proiecte au fost implementate și în 2017 și s-au dovedit a fi insuficiente pentru o îmbunătățire a situației

Performanțele atât de slabe ale României în domeniul social nu pot fi corectate doar prin reformarea și eficientizarea serviciului public de ocupare.

Dintre problemele cu care se confruntă în prezent piața muncii menționăm:

1. Cronicizarea situației de precaritate în piața muncii și adâncirea deficitului de forță de muncă:

- a. Deși rata ocupării a cunoscut o evoluție extrem de modestă, în ultimii ani România se confruntă din ce în ce mai mult cu probleme de deficit de forță de muncă. În mod paradoxal, având în vedere rata încă foarte ridicată de inactivitate a populației, angajatorii se plâng că nu găsesc forță de muncă, indiferent că cerințele sunt pentru forță de muncă calificată sau necalificată. Discrepanțele în nivelul ocupării între regiuni sunt din ce în ce mai evidente. Regiunea București Ilfov înregistra în 2016 cea mai ridicată rată a ocupării – aprox 88%, în creștere față de 2015, regiunea cu cea mai redusă rată a ocupării, aprox 55% a fost Nord Est, în scădere față de 2015.
- b. Cu puțin peste 65%, România avea în 2016 una din cele mai reduse rate ale ocupării înregistrând însă în același timp una din cele mai reduse rate a șomajului. Șomajul este însă unul structural și continuă să se accentueze. Rata

șomajului a fost în 2016 de 5 ori mai mare în Sud Vest decât în București Ilfov. În trimestrul III 2017 doar 8,6% din șomerii existenți au făcut tranziția spre ocupare, 80% din șomeri și-au păstrat același statut. Situația s-a înrăutățit față de perioada similară din 2016. 60% din șomerii înregistrați nu au lucrat niciodată în ultimii 8 ani, incidența fiind mai mare în cazul grupeii de vârstă de peste 55 ani.

- c. Inactivitatea pare a fi una din provocările majore ale pieței muncii din România. Peste 34% din populația din grupa de vârstă 15-64 ani se află în inactivitate. Eșecul politicilor de activare este și mai vizibil în cazul populației inactive. Aprox 98% din populația inactivă și-a păstrat același statut în trimestrul III 2017, doar 1,3% din populația inactivă a reintrat în piața muncii făcând astfel tranziția spre ocupare, comparativ cu 3,1% în T3 2016.
- d. Deficitul de forță de muncă continuă să se accentueze, este reflectat și de raportul șomeri / locuri de muncă vacante. Tensiunea se manifestă mai accentuat în cazul regiunilor Vest și București Ilfov.
- e. Se investește foarte puțin în forța de muncă cu statut de salariat, multe sectoare se confruntă cu deficit de forță de muncă calificată. Mobilitatea între regiuni dar și între mediul rural și urban este de asemenea redusă, pachetul de măsuri pentru stimularea mobilității adoptat de Guvern s-a dovedit a avea o eficiență redusă datorită condițiilor birocratice impuse. În 2016 doar aprox 1100 de persoane au accesat această măsură activă de ocupare, doar 1,6% din totalul resurselor alocate pentru măsuri active au fost destinate stimulării mobilității forței de muncă. Reforma adoptată în finanțarea sistemelor de securitate socială a condus la situația în care măsurile active de ocupare sunt finanțate exclusiv din fonduri europene aflate la dispoziția serviciului public de ocupare. O astfel de situație limitează capacitatea de intervenție și flexibilitatea serviciului public de finanțare, în plus implementarea acestora și costurile de intervenție sunt informații ce nu sunt publice.
- f. Forme de ocupare precară continuă să se manifeste, în special în mediul rural, aprox 18% din total populația ocupată sunt persoane ocupate pe cont propriu sau lucrători familiari neremunerați, în mediul rural 37% din populația ocupată se încadrează în cele două categorii de populație ocupată.
- g. O formă de ocupare precară folosită din ce în ce mai des în România o reprezintă – zilierii. Tratatamentul fiscal al veniturilor pentru această categorie este mult favorabil veniturilor salariale, în plus sfera de aplicare s-a extins aproape în fiecare an. Modul de monitorizare utilizat pentru acest tip de ocupare este rudimentar, pe registre de hârtie, acest mod de înregistrare face imposibilă prelucrarea datelor și urmărirea unor eventuale abuzuri.

2. Lipsa reformării sistemului de educație dar și a politicilor de activare a populației inactive au accentuat decalajul între cererea și oferta de muncă.

- a. Rata părăsirii timpurii a școlii a regresat (18,5% în 2016 față de 19,1% în 2015), dar România este pe locul 27 în UE28. Cauzele nu sunt incluse pe agenda publică, iar situația afectează calitatea resurselor umane. Ponderea tinerilor cu vârsta de 15 ani cu nivel scăzut de cunoștințe de bază conform UE și OECD, este dublă față de media UE. Criza de forță de muncă calificată este cauzată parțial de acest fenomen.
- b. România se confruntă cu subfinanțarea educației / VET. În perioada 2000-2014 alocarea bugetară a fost de 3-4%, mult sub media europeană. Costurile standard în educație (per capita) au scăzut de la 2857 lei (2010) la 2492 lei (2014), deși exigențele de calitate cresc. Chiar programe care sunt un pas înainte (învățământul dual) nu pot deveni realitate fără finanțare adecvată.
- c. Lipsesc mecanismele de monitorizare și post-absolvire - Monitorizarea post-absolvire este inexistentă. Datele sunt parțiale și neconcludente. Doar universitățile sunt abilitate să deruleze monitorizarea inserției absolvenților. Preocuparea pentru urmărirea exactă a ratei de absorție a absolvenților în piața muncii lipsește.

3. Accentuarea inegalității veniturilor și pierderea mecanismelor ce ar putea contribui la o creștere economică inclusivă:

- a. Ocuparea, accesul la servicii de bază dar și accesul la finanțare sau politica fiscală și Educația sunt punctele sensibile ale României în ceea ce privește creșterea inclusivă.
- b. În ultimii 10 ani România a cunoscut o recuperare rapidă a diferențelor de productivitate față de UE 27, dar această evoluție a fost resimțită diferit la nivelul categoriilor socio profesionale. Criza a cauzat o schimbare majoră în distribuția valorii adăugate, în fiecare an creșterea economică a fost însoțită de accentuarea inegalității în distribuirea acesteia între muncă și capital. În 2017 doar 40% din valoarea adăugată brută creată a fost direcționată către forța de muncă, media europeană fiind de aprox 53%. Creșterea salariului minim dar și creșterea salariilor din sectorul public au determinat o creștere a acestui raport față de anul 2016.
- c. După reforma legislației dialogului social, salariul minim și politica salarială în sectorul public au rămas singurele instrumente disponibile pentru a influența politica salarială la nivel național. În lipsa negocierilor colective care să permită o reorganizare a veniturilor salariale inegalitatea veniturilor continuă să se consolideze. În decembrie 2017 aprox 20% din salariații din România cu contracte de muncă cu timp complet erau plătiți la nivelul salariului minim. În ianuarie 2018, deși creșterea netă a salariului minim este de doar 6,8%, ponderea salariaților plătiți la salariul minim (salariați cu CIM cu normă întreagă) a crescut la 22%. Aprox 70% din salariații cu contracte de muncă cu

timp complet aveau în ianuarie 2018 venituri salariale brute mai mici decât venitul salarial mediu brut.

- d. Deficitul de personal, nivelul ridicat de inactivitate, riscul de sărăcie și excluziune socială se vor accentua dacă legislația dialogului social nu va fi modificată pentru a permite partenerilor sociali negocieri colective reale. Din 2011 până în 2017 în România nu s-a mai încheiat nici un contract colectiv de muncă la nivel sectorial. Premizele de a încheia un contract de sector sunt foarte reduse având în vedere prevederile legislației actuale și în condițiile în care în doar 9 din cele 30 de sectoare există parteneri reprezentativi, prima condiție pentru deschiderea unui proces de negociere. Gradul de acoperire al salariaților prin CCM s-a redus semnificativ – de la 98% înainte de 2011, la 36% în 2017, doar 22% din angajatorii cu peste 21 de salariați aveau în 2017 un CCM încheiat, din aceste contracte doar 17% sunt semnate cu partener organizație sindicală, restul sunt semnate cu reprezentanți ai salariaților.
- e. Lipsa progresivității sistemului fiscal și nivelul fiscalității pe muncă a accentuat inechitatea socială, din păcate deciziile actualului Guvern au consolidat această situație.
- f. Introducerea cotei unice de impozitare a veniturilor a limitat foarte mult capacitatea Guvernului de a utiliza politica fiscală ca instrument de reducere a inegalităților. Ca urmare a renunțării la progresivitate și având în vedere creșterea salariului minim din ultimii ani, s-a putut constata o creștere a nivelului impozitării pentru salariații ce câștigă un venit la nivelul salariului minim. Decizia actualului Guvern de a reduce impozitul pe venit de la 16% la 10% de la 01.01.2018 consolidează renunțarea definitivă la progresivitate, deși este cunoscut faptul că pentru cei cu salarii mici, cota unică de impunere are în general consecințe negative în ceea ce privește participarea în piața muncii.
- g. Reforma fiscală inițiată la sfârșitul anului trecut a bulversat și mai mult politica salarială. 9 din cele 20 de secțiuni de activitate ale economiei naționale au înregistrat în ianuarie 2018 reduceri ale veniturilor nete față de noiembrie 2017. În cazul unor divizii reducerea salariului mediu net a ajuns chiar la 13%, cum ar fi sectorul - Tiparire și reproducerea pe suport a înregistrărilor. Din punct de vedere al sistemului de asigurări sociale această reformă a bulversat principiile de construcție ale acestui sistem.

4. *Subminarea principiilor de construcție a sistemelor de asigurări sociale:*

- a. Conform definiției OIM sistemele de asigurări sociale sunt construite pe următoarele principii:
 - i. *Asigurările sociale sunt finanțate prin contribuții care sunt în mod normal împărțite între angajatori și angajați, cu participarea suplimentară în unele cazuri a statului, sub forma contribuțiilor sau a subvențiilor bugetare.*

- ii. *Participarea este obligatorie, cu câteva excepții.*
- iii. *Contribuțiile sunt colectate într-un fond special din care se plătesc contribuții.*
- iv. *Excedentul acestor fonduri nu trebuie distribuit sub forma beneficiilor ci sunt investite pentru viitor.*
- v. *Dreptul persoanei de a beneficia de prestații este garantat de contribuția sa, fără nici un fel de condiție.*
- vi. *Există o legătură între nivelul contribuțiilor și cel al beneficiilor, legătura fiind de regulă nivelul venitului.*

Modificările în structura finanțării, salariații sunt singurii contribuitori la sistemul asigurărilor sociale (sistemul public de pensii) și la cel de asigurări sociale de sănătate, încălcând astfel primul principiu menționat. Mutarea sarcinii contribuțiilor de la angajator către angajat a distrus echilibrul participării la finanțarea sistemului de asigurări sociale, afectând astfel principiul solidarității și al contributivității aflate la baza construcției sistemului. Conform prevederilor bugetare în 2018 salariații vor asigura peste 80% din cheltuielile sistemului de asigurări sociale. La 31.03.2018 contribuțiile achitate de salariați la bugetul asigurărilor sociale au asigurat finanțare pentru aprox 74% din cheltuielile acestui buget. De asemenea salariații au asigurat resursele pentru a acoperi 67% din cheltuielile fondului unic de asigurări de sănătate în primele 3 luni ale anului 2018.

Participarea este obligatorie doar pentru salariați, în special în cazul sistemului de asigurări de sănătate aprox 6 milioane de salariați asigură finanțarea pentru 16 milioane de asigurați. Obligativitatea participării este instituită doar pentru salariați, aceasta fiind în fapt excepția, se încalcă astfel cel de-al doilea principiu din cele mai sus menționate.

Deși contribuțiile sunt colectate într-un fond special, aceste resurse nu sunt alocate exclusiv pentru plata beneficiilor, așa cum este cazul fondului de asigurări de sănătate. În 2017, aprox 30% din contribuțiile colectate la fondul unic de sănătate au fost direcționate către acoperirea creșterilor salariale din sectorul sanitar, fără ca acest transfer să se bazeze pe o prestație reală.

Nici în ceea ce privește legătura între nivelul beneficiilor și cel al contribuțiilor nu se poate vorbi de respectarea principiilor OIM, atât în cazul sistemului public de pensii dar în special în cazul fondului unic de asigurări de sănătate.

- b. Nivelul prestațiilor sistemului de asigurări sociale este însă unul neadecvat sarcinii suportate. Indemnizațiile de șomaj sunt la un nivel atât de redus încât șomerii au devenit categoria socială cea mai expusă riscului de sărăcie și excluziune socială. Doar 35% din asigurații în sistemul public de asigurări de

sănătate achită contribuții către acest sistem. Pachetul de prestații acordate de sistem este identic pentru toți asigurații, contribuitori sau necontributori.

Având în vedere cele mai sus menționate, din punctul nostru de vedere ar trebuie avute în vedere următoarele tipuri de intervenții:

- Creșterea economică sustenabilă trebuie să fie mult mai pregnant reflectată în nivelul de trai al populației, însemnând revizuirea bazei modelului de dezvoltare adoptat de România și găsirea unui echilibru adecvat între competitivitate și justiție socială. România are nevoie de o distribuție mai echitabilă a rezultatelor creșterii economice și de un model de creștere a competitivității care să nu mai fie centrat exclusiv pe costuri reduse.
- Resursele de muncă disponibile trebuie să înceteze să mai fie doar o informație limitată la volum, nu poți activa ceva ce este necunoscut.
- Implicarea efectivă a partenerilor sociali în elaborarea dar în special în implementarea politicilor de activare.
- Este nevoie de politici mult mai concertate pentru combaterea muncii la negru.
- Revizuirea sistemului de evidență a lucrătorilor sezonieri.
- Corectarea inechităților create în sistemul de salarizare în sistemul public.
- Se impune corelarea sistemului educațional cu cerințele pieței muncii.
- Creșterea investițiilor în forța de muncă, inclusiv cea salariaată pentru a stimula mobilitatea profesională în vederea reducerii riscului de șomaj sau inactivare.
- Introducerea unui mecanism de ajustare a salariului minim,
- Reducerea fiscalității pe salariile mici,
- Reducerea inegalităților veniturilor salariale și reducerea riscului de sărăcie, atât în cazul salariaților dar și în cazul altor categorii de persoane ocupate,
- Creșterea gradului de acoperire a salariaților prin contracte colective de muncă și o distribuție mai echilibrată a valorii adăugate brute.
- Revizuirea drastică a legislației dialogului social pentru a facilita negocierile colective și încheierea contractelor colective de muncă sectoriale.
- Fenomenul abandonului școlar trebuie tratat pe două paliere. Intern: consiliere / asistență, sprijin pentru copiii defavorizați, transport școlar, programe „Școala altfel”; Extern: programe „Școala de după școală”, „Școala pentru părinți”, colaborarea între școala - asistență socială - serviciul public de ocupare, concursuri pentru elevi / tineri

etc. Crearea unui organism de tip „Observatorul elevilor” care să monitorizeze și situația abandonului.

- Centrarea măsurilor de abandon pe copil și nu pe familie.
- Asigurarea unei finanțări adecvate sistemului de educație și formare și cheltuirea mai adecvată a fondurilor FSE disponibile, reținerea nevoilor reale de asigurare a calității.
- Lansarea unor proiecte care să integreze instituțiile și resursele necesare pentru elaborarea analizelor la nivel regional/național. Promovarea acestora către toți actorii interesați (forța de muncă, operatori economici, parteneri sociali, unități de învățământ etc.).
- Reinstaurarea transparenței și responsabilității fiscal bugetare.
- Păstrarea destinației și scopului fondurilor speciale din domeniul asigurărilor sociale.
- Reducerea poverii fiscale pentru salariații cu venituri mici și medii.
- Reducerea evaziunii și a fraudei fiscale și creșterea gradului de colectare a veniturilor bugetare.
- Revenire asupra deciziei de modificare a sistemului de împărțire a sarcinii finanțării sistemului de asigurări sociale și revenirea la o împărțire echitabilă a sarcinii finanțării între angajator și angajat.
- Respectarea principiului contributivității pentru toate categoriile sociale, acolo unde este cazul statul trebuie să-și asume sprijinul unor anumite categorii, însă trebuie să o facă transparent.
- Revizuirea sistemului pensiilor speciale.
- Creșterea gradului de adecvare a indemnizațiilor și prestațiilor acordate de sistemul de securitate socială.

Cu deosebită considerație,

Dumitru Costin
Președinte





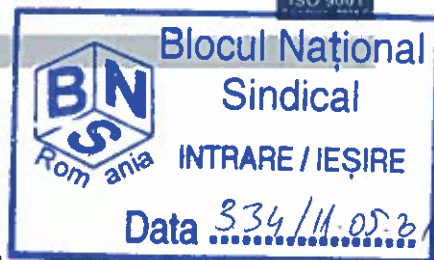
BLOCUL NAȚIONAL SINDICAL

Strada Turturelelor, Nr. 11A, Etaj 3, București, România

Tel/Fax: 021 - 316.27.98; 316.27.99; 316.28.01;

www.bns.ro bns@bns.ro

Afiliată internațional la C.S.I. și C.E.S.



Către,

Ministerul Afacerilor Externe,

Domnului Victor Negrescu, Ministru Delegat pentru Afaceri Europene

Stimate domnule Ministru,

În primul rând dorim să vă mulțumim pentru deschiderea arătată partenerilor sociali prin inițierea de consultări la nivel național pentru elaborarea Programului Național de Reformă, în contextul procesului semestrului european. Este primul an în care partenerii sociali din România sunt implicați la nivel național în elaborarea Programului Național de Reformă, o parte din punctele de vedere exprimate în cadrul acestor consultări fiind preluate în forma finală a PNR.

Implicarea partenerilor sociali în procesul semestrului european reprezintă o preocupare constantă la nivel european, aceasta fiind exprimată și în cadrul liniilor directoare pentru ocupare 2018 – "...Statele membre trebuie să asigure implicarea partenerilor sociali în elaborarea și implementarea politicilor de ocupare, sociale, dar și economice atunci când acestea sunt relevante...."

Blocul Național Sindical a transmis un punct de vedere asupra documentului primit spre consultare (Programul Național de Reformă 2018), încă din data de 25.04.2018. Ca urmare, având în vedere prevederile documentelor europene, vă rugăm să transmiteți acest punct de vedere către instituțiile europene, ca anexă la Programul Național de Reformă 2018.

În speranța că veți da curs demersului nostru vă mulțumim și vă asigurăm domnule Ministru de întreaga noastră disponibilitate pentru dialog.

Cu deosebită considerație,

Dumitru Costă

Președinte

