



# **NATIONAL REFORM PROGRAMME 2017**

**BUCHAREST**

APRIL 2017

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## ABBREVIATIONS

<b>AADR</b>	Romanian Agency for Digital Agenda
<b>ACOP</b>	Administrative Capacity Operational Programme 2014-2020
<b>AFM</b>	Environment Fund Administration
<b>ANAF</b>	National Agency for Fiscal Administration
<b>ANAP</b>	National Agency for Public Procurement
<b>ANC</b>	National Authority for Qualifications
<b>ANCPI</b>	National Agency for Cadastre and Land Registration
<b>ANFP</b>	National Agency of Civil Servants
<b>ANI</b>	National Agency for Integrity
<b>ANOFM</b>	National Employment Agency
<b>ANPC</b>	National Authority for Consumer Protection
<b>ANPDCA</b>	National Authority for Protection of Children Rights and Adoption
<b>ANPM</b>	National Agency for Environmental Protection
<b>ANR</b>	National Agency for Roma
<b>ANRE</b>	National Energy Regulatory Authority
<b>AP</b>	Partnership Agreement
<b>APM</b>	County Agency for Environmental Protection
<b>ARACIS</b>	Romanian Agency for Quality Assurance in Higher Education
<b>ASF</b>	Financial Supervisory Authority
<b>ATU</b>	Administrative Territorial Units
<b>BAS</b>	Unemployment Insurance Budget
<b>BNR</b>	The National Bank of Romania
<b>CC</b>	Competition Council
<b>CEF</b>	Connecting Europe Facility
<b>CESEC</b>	Central and South Eastern Europe Gas Connectivity
<b>CF</b>	Cohesion Fund
<b>CNAS</b>	National Health Insurance House
<b>CNCISCAP</b>	National Committee for Coordinating the Implementation of the Strategy on Strengthening Public Administration 2014-2020
<b>CNDIPT</b>	National Centre for Development of Vocational and Technical Education
<b>COP</b>	Competitiveness Operational Programme 2014-2020
<b>CSR</b>	Country Specific Recommendations
<b>DGAF</b>	General Anti-Fraud Directorate
<b>DLAF</b>	Directorate for Fraud Prevention
<b>DMI</b>	Major intervention area
<b>ERDF</b>	European Regional Development Fund
<b>EBRD</b>	European Bank for Reconstruction and Development
<b>EC</b>	European Commission
<b>EIB</b>	European Investment Bank
<b>EIF</b>	European Investment Fund
<b>ERDF</b>	European Regional Development Fund
<b>ESA</b>	European System of Accounts
<b>ESF</b>	European Social Fund
<b>ESIF</b>	European Structural and Investment Funds
<b>E-RES</b>	Electricity produced from renewable energy sources
<b>FEAD</b>	Fund for European Aid to the Most Deprived
<b>EAFRD</b>	European Agricultural Fund for Rural Development
<b>GD</b>	Government Decision
<b>HCOP</b>	Human Capital Operational Programme 2014-2020
<b>IBRD</b>	International Bank for Reconstruction and Development
<b>ILO</b>	International Labour Organization
<b>IM</b>	Labour Inspection

<b>IMF</b>	International Monetary Fund
<b>INS</b>	National Institute of Statistics
<b>ISE</b>	Institute of Educational Sciences
<b>LIOP</b>	Large Infrastructure Operational Programme 2014-2020
<b>ILO</b>	International Labour Organisation
<b>ITI</b>	Integrated Territorial Investments
<b>LULUCF</b>	Land Use, Land-Use Change and Forestry
<b>MADR</b>	Ministry of Agriculture and Rural Development
<b>MAE</b>	Ministry of Foreign Affairs
<b>MAI</b>	Ministry of Internal Affairs
<b>MAP</b>	Ministry of Waters and Forests
<b>MCI</b>	Ministry of Research and Innovation
<b>MCPDS</b>	Ministry of Public Consultation and Social Dialogue
<b>MCSI</b>	Ministry of Communications and Information Society
<b>MDRAPFE</b>	Ministry of Regional Development, Public Administration and European Funds
<b>ME</b>	Ministry of Energy
<b>MEc</b>	Ministry of Economy
<b>MEN</b>	Ministry of National Education
<b>MFP</b>	Ministry of Public Finance
<b>MJ</b>	Ministry of Justice
<b>MM</b>	Ministry of Environment
<b>MMACA</b>	Ministry for Business Environment, Commerce and Entrepreneurship
<b>MMJS</b>	Ministry of Labour and Social Justice
<b>MO</b>	Official Journal of Romania
<b>MS</b>	Ministry of Health
<b>MT</b>	Ministry of Transport
<b>NRDP</b>	2014-2020 National Rural Development Programme
<b>OECD</b>	Organization for Economic Cooperation and Development
<b>ONRC</b>	National Trade Register Office
<b>OP</b>	Operational Programme
<b>GEO</b>	Government Emergency Ordinance
<b>PES</b>	Public Employment Service
<b>RES</b>	Renewable energy sources
<b>ROP</b>	Regional Operational Programme 2014-2020
<b>SEAP</b>	Electronic System for Public Procurement
<b>SIIR</b>	Integrated Information System of Education in Romania
<b>SGG</b>	Secretariat-General of the Government
<b>SME</b>	Small and Medium Enterprises
<b>SRSP</b>	Structural Reforms Support Programme
<b>VAT</b>	Value Added Tax
<b>UEFISCDI</b>	Executive Unit for Financing Higher Education, Research, Development and Innovation
<b>UEIP</b>	Public Investment Evaluation Unit
<b>UNDP</b>	United Nations Development Programme
<b>WB</b>	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 identified by the European Commission (EC) for Romania.

The NRP 2017 has been drafted in accordance with EC guidelines<sup>1</sup>, the priorities set in the *Annual Growth Survey 2017 (AGS)*<sup>2</sup>, the *Country-Specific Recommendations 2017 (CSRs)*<sup>3</sup>, and the *Country Report Romania 2017*<sup>4</sup> being also taken into consideration.

The NRP 2017 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.

To strengthen the EU's economic recovery and to foster convergence towards the MS with the best results, in the latest AGS, EC recommends MS to intensify their efforts on the three elements of the virtuous triangle of economic policy and, in this regard, to place emphasis on social equity to generate more inclusive growth by: *stimulating investment, pursuing structural reforms and securing responsible fiscal policies*.

Considering EC's assessment presented in the *Country Report Romania 2017*, response measures are expected from the Romanian authorities to the challenges on fiscal and budgetary policy, public investments, EU funds absorption, making the most of the labour force potential, income inequalities, efficiency and accessibility of healthcare system, unequal quality education offer, infrastructure efficiency or further reform of public administration.

In respect to the progress in achieving the national targets of *Europe 2020 strategy*, Romania has obtained good results regarding national emissions of greenhouse gases, energy from renewable sources, energy efficiency, tertiary education and reducing the number of people exposed to the risk of poverty or social exclusion. However, on employment rate, research and development and early school leaving the goals are not yet met. Also, as assessed by the EC, Romania has made some progress in implementation of the CSRs 2016, further efforts still being required.

Considering the context presented above, the NRP 2017 proposes new measures in accordance with the *Programme for Government 2017-2020*, while continuing some of the commitments of previous programmes, in coherence with EC milestones of the European Semester, such as AGS or CSRs.

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<sup>1</sup> Submitted through the letter SG D1/AD Ares(2016) in September 2016

<sup>2</sup> COM(2016) 725 final, Brussels, 16.11.2016

<sup>3</sup> 2016/C 299/18, 18.8.2016

<sup>4</sup> SWD(2017) 88 final, Brussels, 22.2.2017

## 2. MACROECONOMIC CONTEXT AND SCENARIO

In 2016 Romania recorded a 4.8% economic growth, this being the sixth consecutive year of economic growth (after 1.1% in 2011, 0.6% in 2012, 3.5% in 2013, 3.1% in 2014 and 3.9% in 2015). GDP growth in 2016 was driven by the positive contribution of domestic demand for consumption, due to tax easing measures (VAT reduction) and wage increases, which improved the purchasing power of population. Under these circumstances, private consumption increased by 7.4% and government consumption by 4.5% as against 2015. Gross fixed capital formation decreased in real terms, following a poor access to EU funds, which resulted in a significant reduction of public investment, namely by 3.3%.

The current account of the balance of payments registered, in 2016, a deficit two times higher than in 2015, reaching 2.3% of GDP. The current account deficit was fully financed by foreign direct investment, which reached 4.1 billion Euro, about 19% higher than in 2015.

In 2016, the employment rate of people aged 20-64 was 66.3%, 3.7 percentage points (p.p.) below the 70% national target set in the context of *Europe 2020 Strategy*. The total number of employees (measured according to the methodology of Household Labour Force Survey – AMIGO) increased by 2.3% compared to 2015. Unemployment (according to ILO criteria) was 5.9% in 2016, 0.9 p.p. lower than in 2015.

In 2016, for a second consecutive year, **the annual inflation rate** reached a negative value both at the end of the year and as an annual average, determined by the reduction of standard VAT rate from 24% to 20% as of 1 January 2016 but also by the extension of the impact of the 15 p.p. VAT reduction rate on food and public alimentation services as of 1 June 2015. Thus, as annual average, consumer prices decreased by 1.55%, while the annual rate of inflation recorded in December 2016 a decrease of 0.54%.

**The potential economic growth** will accelerate towards a 5.0% annual average during 2017-2020 timeframe, mainly sustained by the contributions of capital stock (+1.3 p.p.) and total factor productivity (+3.5 p.p.). At the same time, labour contribution, as number of hours worked, will shift to positive values (+0.2 p.p. on average) under the negative influence of the demographic factor and, on the other hand, under the positive influence of structural changes on the labour market. The activity rate is continuously improving, and in employment structure, the number of salaried employees will increase its share at the expense of other employment categories. In addition, the unemployment gap (the difference between the actual unemployment and the NAWRU<sup>5</sup>) will be closing starting with 2018, for 2016 and 2017 the unemployment rate slightly going below its natural level. As a result of superior dynamics of domestic demand, the output gap will shift to positive from 2018 and will reach 0.7% of the potential GDP in 2020.

**The macroeconomic framework for 2017-2020** has taken into account: (i) the positive impact of the measures envisaged in the Programme for Government on business environment and the purchasing power of the population; (ii) the European and global context, highlighted in EC's winter forecast, with many uncertainties and less favourable to development acceleration; (iii) the positive impact of low oil prices on the Romanian economy; (iv) the 2016 economic and social achievements.

As a result, a gradual improvement of Romania's economic performance was forecasted. **GDP** will increase on average by 5.5% annually, slightly above potential, continuing to be sustained by domestic demand. On domestic supply side, the scenario is based on improving the activity in all economic sectors, particularly in industries with high export potential and in constructions, which can capitalize on the current need of infrastructure in all areas as well as in the services sector, especially those based on IT, finance and banking, retail and transports.

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<sup>5</sup> *Non-accelerating wage rate of unemployment*

## Economic growth

- Annual percentage changes -

	2016	2017	2018	2019	2020
Real GDP	4.8	5.2	5.5	5.7	5.7
Nominal GDP	7.1	7.2	7.7	7.7	7.3
<i>Real GDP components</i>					
Private consumption expenditures	7.4	7.3	6.4	6.2	6.0
Government consumption expenditures	4.5	1.8	2.8	2.7	2.8
Gross Fixed Capital Formation	-3.3	6.9	7.9	8.4	8.6
Exports of goods and services	8.3	6.8	6.3	6.9	7.0
Imports of goods and services	9.8	8.5	7.9	8.1	8.0
<i>Contributions to GDP growth (percentage)</i>					
Final domestic demand	4.4	6.4	6.3	6.3	6.2
Change in stocks	1.1	-0.3	0.0	0.0	0.0
Net export	-0.7	-0.8	-0.7	-0.6	-0.5

Source: INS and the National Commission for Prognosis

The current account deficit of the external balance of payments is expected to remain within sustainable limits, from 2.3% of GDP in 2016 to 2.2% in 2019 and 2.0% in 2020, following to be fully covered by foreign direct investment.

## External trade and current account

- Mil. Euro -

	2016	2017	2018	2019	2020
FOB Export	57,386.3	61,800	66,500	71,620	77,200
- annually percentage change, %	5.1	7.7	7.6	7.7	7.8
CIF Import	67,344.5	73,350	79,250	85,845	92,700
- annually percentage change, %	7.0	8.9	8.0	8.3	8.0
Trade balance FOB - CIF	-9,958.2	-11,550	-12,750	-14,225	-15,500
Current account deficit	-3,966	-4,420	-4,680	-4,555	-4,505
- % of GDP	-2.3	-2.4	-2.4	-2.2	-2.0

Source: INS and the National Commission for Prognosis

In 2017, the effects of the fiscal easing measures (1 p.p. reduction of VAT rate for non-food goods and services as of 1 January, elimination of additional excise duty on fuel) will be

mitigated by the opposite effects of demand increase, as a result of wage earnings continued increase, as well as by the increase of the excise duty on cigarettes. Between 2018 and 2020, **the annual inflation rate** at the end of the year is expected to be close to BNR target of 2.5%±1 p.p. It is estimated that in 2020 consumer prices will increase by 2.2% as an annual average, while at the end of the year inflation will be 2.0%. The forecasts took into consideration normal agricultural years as well as a moderate increase of the international oil price.

#### Inflation

	- % -				
	2016	2017	2018	2019	2020
- end of the year	-0.5	1.9	2.3	2.2	2.0
- annual average	-1.5	1.1	2.5	2.3	2.2

*Source: INS and the National Commission for Prognosis*

Against the background of an accelerating 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

	- % -				
	2016	2017	2018	2019	2020
Employment rate (age group 20-64)	66.3	67.3	68.4	69.3	70.0
- men	75.0	76.9	78.7	80.3	81.5
- women	57.4	57.4	57.7	58.0	58.2
Unemployment rate (according to ILO) - %	5.9	5.7	5.5	5.4	5.3

*Source: INS and the National Commission for Prognosis*

Also, the **number of unemployed** (according to AMIGO) is expected to enter on a downward trend, so that the unemployment rate will decrease to 5.3% in 2020, i.e. 0.6 p.p. lower than the 2016 level.

### 3. POLICY RESPONSE TO MAJOR ECONOMIC CHALLENGES

#### 3.1. Fiscal and budgetary policy

##### Key directions:

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

On 1 January 2016, the *new Tax Code* came into force as a result of a comprehensive rewriting process whose objectives were to simplify taxation, eliminate dysfunctions, create a coherent, modern legal fiscal framework, and ensure predictability and sustainable fiscal consolidation.

Even if 2016 brought several tax reductions, as the economic model constantly promoted by the Romanian Government has been aiming at improving business environment, *the budgetary execution ended with a cash deficit of 2.41% of GDP*, below the annual target set at 2.8% of GDP. The ESA deficit is estimated to be approximately 3% of GDP, ceiling stipulated by the *Stability and Growth Pact*.

In 2016, the largest budgetary transparency platform in Europe was launched ([www.transparenta-bugetara.gov.ro](http://www.transparenta-bugetara.gov.ro)); through it, citizens are able to consult the revenues and expenditures of 13,700 institutions, including the Parliament, Government, state companies, kindergartens, schools and hospitals.

**For 2017**, 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**. Thus, 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 2017 State Budget* and the *Law on approving the ceilings of indicators specified in the fiscal-budgetary framework for 2017*.

##### Improving the management of public investment

A series of measures have been promoted in 2016, aiming to ***improve the legislation<sup>6</sup> governing the prioritization of significant public investment projects***, which will help to strengthen the role of MFP and of the Public Investment Evaluation Unit (UEIP).

Thus, in June 2016, the provisions of GEO No 88/2013 (Chapter II) were completed, in order to *ensure the link between the prioritization of significant public investment projects and their budgeting*; therefore, when drafting their budgets, the main credit authorising authorities have the obligation to comply with the results of the prioritization of the significant public investment projects.

Based on the amendments made to GEO No 88/2013, a draft normative act was developed in order to supplement and amend the secondary level legislation (the methodological norms on the prioritization of public investment projects, approved by GD No 225/2014). The main outcome

<sup>6</sup> Consisting in *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 prioritisation of public investment project*

of this draft, expected to be adopted in 2017, will consist in the improvement of budgetary planning for significant public investment projects and a better predictability thereof.

As part of the technical assistance project on *Improving the management of public investments*, carried out during 2014-2015, WB developed an analysis on the financing history both at the level of public investments portfolio and at investment project level. WB's conclusions show that the **public investment portfolio needs to be rationalized**, as the public investment programme has few financial resources as compared to the number of the projects submitted for funding, leading to a low efficiency of public spending. In order to facilitate the testing of the mechanisms and the rationalization criteria proposed by WB, MFP in cooperation with MT will carry out a *pilot exercise* in 2017.

With EC's support through the *Structural Reform Support Programme*, a technical assistance project will be carried out for the development of a training programme aimed at *strengthening the capacity and developing skills of staff carrying out activities connected to public investment projects, according WB's recommendations*.

Also, in 2016 a new structure was set up within MFP – the **Public Investment Management Directorate** (DMIP), which will provide *professional assistance to contracting authorities concerning the preparation, award and implementation of public investment projects*<sup>7</sup>. This Directorate has an approved regulation for organization and operation; in the next period, experienced personnel will be hired in the fields of construction, project management, economy – financial modelling, Eurostat treatment and legal – tender procedures.

Moreover, in 2016, MFP's General Directorate for Spending and Public Investment Management (where DMIP will operate) cooperated with MS' representatives in order to access EBRD's infrastructure projects preparation facility for drafting the pilot projects included in the *Hospital Infrastructure Modernization Programme*. MFP's representatives were part of the commission that negotiated the Agreement with EBRD, which aimed at carrying out the feasibility studies and tender documentation for the expansion/modernization of two hospitals. MFP was among the approving authorities for the two memoranda initiated by MS on approving/ extending the negotiation mandate with EBRD; the negotiations with EBRD will resume in the forthcoming period.

**To make the use of National Programme for Local Development (NPLD) funds more efficient**, the implementation framework has been modified, the programme becoming multiannual, and the operational procedure for the implementation of NPLD has been improved by taking over the criteria proposed by the WB<sup>8</sup> in the stage of the specialized analysis performed at MDRAPFE level. As a result, the investments are prioritized taking into account both the criteria established by GD No 624/2015<sup>9</sup> and the specialized analysis of the ministry.

Also, in order to correlate funding sources, to avoid double funding and to harmonize technical selection criteria for the investments projects, *intra-institutional cooperation actions* at MDRAPFE level regarding NPLD – ROP – LIOP and inter-institutional cooperation actions MDRAPFE with MADR (PNDR) and MEN took place.

To eliminate the shortcomings in the procedures of procurement/contracting/achievement of investment objectives, but also for the harmonization with the provisions of the legislation on public procurement, the *GD No 907/2016 on the stages of development and the framework content of the technical and economic documentation related to the publicly funded investment objectives/projects* was approved.

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<sup>7</sup> According to GD No 447/2016 for amending and supplementing GD No 34/2009

<sup>8</sup> These criteria were mentioned by the WB consultancy reports within the project *Coordination and efficient and transparent selection of the infrastructure projects funded by structural instruments and by the State Budget for 2014-2020*

<sup>9</sup> GD No 624/2015 to approve the criteria for selecting the investment objectives for financing under the National Programme for Local Development, approved by the GEO No 28/2013

All public investment objectives are monitored by the State Inspectorate on Constructions in the important phases, aiming at harmonizing the practices regarding the enforcement of legislation on the quality of constructions.

For the year 2017, it is envisaged that *the normative framework regarding the reception of the construction works will be improved*, through the modification and completion of GD No 273/1994<sup>10</sup>. Also, in order to substantiate the technical-economic indicators related to the investment objectives/projects, it is envisaged *to set standards* to support the use of public funds for financing investment programmes observing the economic efficiency and effectiveness prerequisites.

### **Completing the legislation on public-private partnership**

At the end of 2016 *a new piece of legislation was adopted in the field of public-private partnership* (Law No 233/2016), with the aim to implement a legal framework able to ensure an efficient cooperation between the public and the private sector for the implementation of public projects or works. The adoption of the new law was necessary because under the old law (i.e. Law No 178/2010) it was not possible to develop any project.

Following the analysis of the *Law No 233/2016 regarding public-private partnership* and in order to ensure a normative framework for the successful implementation of such projects, it was decided to initiate the steps for amending the legislation in force and subsequently to develop related methodological norms. In this respect, a working group (which had a first meeting in late March 2017) was set up, including competent institutions in drafting the legal framework. At the same time, the support of the International Financial Institutions (EIB, EBRD, and WB) was requested in order to benefit from their experience and expertise.

MFP also applied, through the *Structural Reform Support Programme*, for financing of a *technical assistance project that aims at finalizing the legal framework* (amending legislation in force, developing rules) and at developing guidelines containing the best practices in the field of assignment and implementation of projects under public-private partnership.

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

In 2016, pilot reviews on spending were launched in three key-fields, with potential in terms of making the activity more efficient, i.e. **transport**, **health** and **environment**. These fields were approved by the Government in October through the Memorandum on the *approval of legal framework amendment in order to institutionalize the spending review process, respectively on the approval of setting up the Committee for public spending review and efficiency*. An initial report on transport was drafted as Annex to the Memorandum above mentioned, in which several areas of inefficiency were identified (i.e. public investment, subsidies, maintenance) along with concrete saving options and related efficiency measures.

In the Government meeting held on 22 March 2017, a Memorandum on the *approval of public spending review framework and on setting up the fields for which efficiency reviews will be carried out during 2017* was launched. The fields established are **health**, **transport** and **education**<sup>11</sup>, considering the significant amounts allocated to these fields from the state budget in the last years and current year. Thus, in 2017, reports will be drafted regarding measures proposed to make public spending more efficient for the fields selected by the government, containing at least two areas of inefficiency and at least five efficiency measures per each area. The transport review will continue with the elaboration of the final report, which will include

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<sup>10</sup> GD No 273/1994 on the approval of the Regulation for the reception of construction works and related installations

<sup>11</sup> The proposal to *replace environment with education* for the public spending efficiency review was based on the fact that the analysis on environment would be difficult, considering the reorganization of the Ministry of Environment, Waters and Forests according to GEO No 1/2017, as well as the difficult correlation between the history of public spending execution and the efficiency measures proposed in such an analysis (the Ministry of Environment, Waters and Forests was reorganized by setting up two new ministries: MM and MAP).

efficiency measures proposed by MFP and approved by the *Committee for public spending review and efficiency*.

At the same time, the Memorandum requested the Government an agreement in principle on amending the existing legal framework in order to institutionalize public spending review by amending certain normative acts, namely: *Law No 500/2002 on public finance* and *Law No 69/2010 on fiscal-budgetary responsibility* as amended and supplemented.

Moreover with the help of the *Structural Reform Support Programme*, a *technical assistance project on public spending review* will be carried out with Expertise France, a specialized body identified by the EC. The main activities of the project are providing consultancy in order to finalize the institutionalization of public spending review, as well as providing support for pilot reviews in two fields. At the same time, the project aims to produce a *Public spending review guideline*, detailing the practices to be followed in the process of reviewing public expenditures.

In order to **improve the management of public debt and associated foreign exchange risk**, a technical assistance agreement with the WB on *developing government's capacity to manage public debt using derivative financial instruments* was signed in October 2016. The project will contribute to the implementation of an appropriate policy and operational framework for the use of derivative financial instruments. During October 2016 – February 2017, training sessions were held regarding *public policies framework on derivative financial instruments* and *operational and procedural framework for transactions with derivative financial instruments*.

In addition, in order to *reduce the exposure to foreign exchange risk* but also to facilitate the development of domestic government securities market, according to the *Government Debt Management Strategy 2016-2018*, *net funding will be mainly made in national currency* (at least 60% from the budgetary deficit), aiming at a gradual reduction of the share of foreign currency debt in the total debt.

The public debt, calculated according to EU methodology, stood at 37.6% of GDP at the end of 2016, a level below the 60% ceiling set by the Maastricht Treaty, with Romania ranking the 4<sup>th</sup> among EU Member States with the lowest level of indebtedness. The medium-term forecast indicates that the government debt ratio will stand below 40% of GDP. Also, *Law No 69/2010 on fiscal-budgetary responsibility*, as amended and supplemented, provides for *prudential intermediate debt thresholds for the public debt*, for which measures are taken automatically in case of overcoming.

In order to **fight against tax planning and tax base erosion**, MFP drafted a *legal act transposing EU Directive 2016/1164 laying down rules against tax avoidance practices that directly affect the functioning of the internal market*<sup>12</sup>. In 2017, Romania's options for implementation as well as other sectors with high risk of tax base erosion will be reviewed and substantiated.

### **Improving tax collection**

In 2016, ANAF's reorganization process focused on *strengthening its workforce* both by increasing the number of staff and by redistributing it, considering in particular the new structures created for large and medium taxpayers<sup>13</sup>. For these new structures, 1,645 positions were approved, out of which 1,343 are staffed, the staffing ratio of the new structures being currently 81.64%. Concerning the *Fiscal Anti-Fraud General Directorate (DGAF)*, since its founding in 2013, several recruitment competitions have been organized, currently reaching an 84% staffing ratio.

As a result of ANAF's extensive reorganisation process, the *main tax administration indicators have constantly improved*; thus, in 2016 *the degree of voluntary compliance for tax returns filing*

<sup>12</sup> The Directive contains rules against tax evasion regarding: limitation of interest deductibility, exit taxation, a general anti-fraud provision, rules for foreign controlled companies and non-uniform treatment of hybrid elements.

<sup>13</sup> Large Taxpayers Administration Directorate, medium taxpayers' administrations at regional level.

was 95.34% and *the degree of voluntary compliance for fiscal obligations payment* was 84.03%, both *slightly higher* than 2015 figures, which were also higher as against previous years.

*The VAT registration procedure* was successively amended by ANAF President Orders No 2393/2016 and 605/2017, which brought some clarifications on the registration procedure as well as additional provisions on taxpayers' hearing before the tax authority's decision. In order to respond to requests from business environment, the (088) *Statement on the assessment of intent and ability to conduct economic activities involving VAT operations* was removed, following to use in the process the information held already by ANAF. The assessment procedure is dynamic and it needs to be adapted permanently to the economic realities.

At the same time, the actions assessing the intention and capacity of taxpayers to carry out economic activities involving VAT operations have continued, 32,315 applications being assessed during January 2016 - February 2017, with a rejection rate of about 24%.

The two abovementioned acts also *amended the cancellation procedure of VAT registration procedure*, an automatic cancellation of VAT registration procedure being approved for taxable persons<sup>14</sup> who did not justify the intention and ability to carry out economic activities involving operations in VAT scope. Between January 2016 and February 2017, out of the 20,013 files with fiscal risk assessed, about 38% were proposed for cancellation of the VAT registration procedure.

In order to **fight VAT fraud**, in 2016 DGAF carried out 43,665 control actions, 705 notifications being submitted to the criminal investigation bodies for a loss amounting to 3,290 million Lei. The share of VAT in total obligations estimated in the notifications was 53.9%, which represents a significant increase as against the previous year (42.5%).

Regarding *cross-border VAT fraud*, four multilateral controls were carried out in 2016, of which two were initiated by DGAF in the field of electronics, inks and machines trade with Italy. One of the four controls (organized by the Netherlands) was finalized, with damages brought to state budget as a result of VAT fraud set at 37.8 million Lei. Also, between January 2016 and March 2017, 890 *inquiries for tax evasion and tax fraud suspicions* were received from EU Member States while 1,834 requests were sent to other Member States. These numbers represent an increase in information exchanges, especially regarding the number of requests submitted by Romania.

The efforts to *fight VAT fraud*, including cross-border fraud, will continue in 2017 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*.

In the field of **stimulating tax receipts' issuance**, in 2016 DGAF inspectors registered 2,704 complaints received through TelVerde Service<sup>15</sup>, with 1,191 *follow-up inspections*. The number of complaints decreased as compared to 2015 (i.e. 5,353 complains, 2,154 inspections), showing that the authorities' actions in this area were successful. In addition, in order to *verify economic agents on the use of fiscal electronic cash registers*, inspections were carried out; as a result 17,841 sanctions were applied in 2016 (78.9 million Lei in fines, representing 55.7% of the fines applied by DGAF and 10.7 million Lei in seizures).

For 2017, ANAF is planning to *continue unscheduled inspections on the use of fiscal electronic cash registers* in fields and areas with high risk of non-compliance. Also, by the end of 2018, **electronic cash registers connected to ANAFIT system will be introduced in a generalised**

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<sup>14</sup> Companies based in Romania, established under Law No 31/1990, subject to registration with the Trade Register

<sup>15</sup> Intended to receiving telephone calls and registering complaints regarding the refusal of the traders to issue tax receipts

**manner.** The obligation to use fiscal electronic cash registers will enter into force starting from 1 January, 2018 gradually, depending on the category of economic operators.

Concerning *risk analysis based fiscal audit actions*, in 2016 the share of this type of actions in the total tax inspections performed was 39.35%, an increased share as against 2015 (28.75%). Except for mandatory tax inspections stipulated by legislation, all tax inspection actions are carried out on the basis of a risk analysis.

In 2016, *the inspections concerning taxpayers with fiscal risk associated with transfer prices were intensified*, 105 tax inspections being carried out. Following inspections thereof, 87 million Lei additional amounts were set, thus the total fiscal loss of 428 million Lei being diminished.

Regarding **alternative methods of tax payment**, the taxes and fees set by public institutions enrolled in the National Electronic Payment System (*ghiseul.ro*) can be paid electronically. In 2016, ANAF was enrolled on the platform [www.ghiseul.ro](http://www.ghiseul.ro) and starting from December 2016, natural and authorised persons are able to pay online their taxes and duties due to ANAF<sup>16</sup>.

### **Fighting undeclared work**

During June – September 2016, ANAF and IM carried out a national scale action (Cronos) aimed at identifying and sanctioning non-compliance with financial and fiscal provisions, *identifying and fighting under-declared and undeclared work in the field of constructions*; thus 573 taxpayers were audited, out of which 425 by both DGAF and IM. DGAF's results consisted in fines and seizures (amounting to 5.5 million Lei) and in suspending the activity of some economic operators.

In Q2 and Q3/2017, IM together with DGAF' fiscal inspectors will continue their inspections in order to *prevent and fight under-declared and undeclared work*. The areas targeted are the ones with increased incidence of undeclared work, and the inspectors will control with priority the companies operating in risk areas and fields as evidenced by analyses: i.e. constructions, clothing, food, forestry, transport, security and protection services. An *information campaign* will also be carried out at national level in order to raise awareness among employers and workers on the benefits of declared work and the disadvantages of undeclared work.

### **Financial stability and banking**

During 2016, BNR provided opinions, views and made comments and proposals on legislative initiatives that addressed the regulatory framework in the banking and financial field<sup>17</sup>. At the same time, BNR carried out analyses of the effects of the draft law on debt discharge<sup>18</sup> (*'datio in solutum'*) for the banking sector, as well as on the impact of legislative initiatives related to the conversion of foreign currency loans on bank solvency<sup>19</sup>, formulating proposals in the legislative process for limiting risks to financial stability. Also, the situation of the notices formulated under Law No 77/2016 was carefully monitored.

At present, for a number of legislative initiatives that endangered the independence of the financial sector regulators, there are reports/opinions for rejection and negative government

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<sup>16</sup> MFP Order No 1376/2016 on the types of tax receivables that can be paid via online banking cards through the National Electronic Payment System, as supplemented; MFP Order No 2185/2016 for the approval of the procedure for the payment of tax liabilities by taxpayers using the banking card on-line.

<sup>17</sup> These legislative proposals related to the amendment/supplement/repeal of some provisions of *GEO No 50/2010 on consumer credit contracts*, *GEO No 99/2006 on credit institutions and capital adequacy*, the approval of *GEO No 52/2016 on credit contracts to consumers for real estate, and for the amendment and supplement of GEO No 50/2010 on consumer credit contract* or regulation of the Statute of National Agency for Consumer Protection.

<sup>18</sup> Project materialized in *Law No 77/2016 on debt discharge*.

<sup>19</sup> The legislative initiative for the supplement of GEO No 50/2010 was adopted by the Chamber of Deputies, under the *Law for supplementing GEO No 50/2010 on consumer credit contracts* and sent it for promulgation to the President of Romania. Prior to the promulgation, the government notified the Constitutional Court of the unconstitutionality of the provisions of the law (the law provides that for loans granted in Swiss francs, creditors are required to convert the credit balance expressed in Swiss francs into lei at the NBR exchange rate valid on the day of the conclusion of the credit agreement in Swiss francs). With regard to this referral, the Constitutional Court ruled the Decision No 62/2017, whereby it admitted the objection of unconstitutionality and found that the *Law for supplementing GEO No 50/2010* is unconstitutional in its entirety.

views. Thus, as regards the legislative proposal aimed at limiting BNR independence, there is a rejection report from the Committee for Budget, Finance and Banks of the Chamber of Deputies, and regarding the legislative proposal on the Statute of National Agency for Consumer Protection, currently in the Senate, there are several rejection opinions (Committee for European affairs, Committee for public administration and territorial organization).

Also, the proposal for amending the legal framework of ASF ceased its legislative procedure on 1 February 2017, by failing to comply with the provisions of the Romanian Constitution (art. 63, par. 5).

For 2017, *BNR will continue to monitor the developments in the banking and financial sector* and to engage in public and parliamentary debates on legislative projects whose regulatory scope falls within the competence of the central bank. In this context, *BNR will provide the necessary technical expertise for assessing the impact of these legislative initiatives on the banking and financial sector* and will present views, comments and proposals, and will promote solutions that do not affect financial stability and do not generate systemic risk. BNR will also continue to monitor credit institutions' developments in order to assess the consequences of a possible deterioration in their assets quality in case adverse developments arise.

Regarding *the resumption of credit growth to non-financial corporations*, BNR has assessed the financial situation of this sector and has identified a significant, viable but unexploited potential for lending to non-financial companies, mainly from industries that may have a positive impact on Romania's economic growth model, this information being disseminated in the Financial Stability Reports.

Regarding the **insurance sector**, considering the critics regarding the temporary capping of insurance premiums for compulsory motor vehicles insurance, the authorities are planning to assess the national legislation in force in the field, in order to examine the need to amend it.

### 3.2. Public administration

#### Key directions:

- ✓ **Continuing the decentralization process**
- ✓ **Prioritizing Government policies and strategic planning**
- ✓ **Ensuring free access to information of public interest and increasing transparency in the decision-making process**
- ✓ **Establishing an unitary legal framework for the central and local administration**
- ✓ **Civil service management and skills development of 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**

Public administration reform focuses on pursuing the objectives set out in the *Strategy on Strengthening Public Administration 2014-2020*, stepping up efforts to materialize them being of

the essence. The interventions on financing the reform measures comprised in the strategy, supported by European funds, play a particularly important role in creating a modern public administration, capable of facilitating the socio-economic development of the country. Thus, the public administration is a determining factor in coordinating, regulating, promoting and implementing policies and actions that create the framework for achieving the *Europe 2020 Strategy* targets.

To strengthen the administrative capacity and the autonomy of the local public administration authorities, as well as to improve the public institutions capacity to formulate and implement policies in a strategic and coordinated manner, the **decentralization process** will be continued. During the last quarter of 2016, the legal framework for this process has been reviewed, respectively the *Framework law on decentralization No 195/2006* and its methodological norms, approved by GD No 139/2008. The draft *General Strategy for Decentralization* was reviewed, taking into consideration the observations sent by the ministries after the CTID<sup>20</sup> reunion of 21 September 2016. Within the Government meeting of 12 April 2017, the normative act for the approval of the strategy was adopted, according to the procedures foreseen by GD No 561/2009<sup>21</sup>. The measures comprised in the action plan of the strategy will be implemented starting with May 2017.

**Prioritizing Government policies and strategic planning** remain in the Romanian authorities' attention as objectives that need to be further strengthened. In recent years, the Romanian Government carried out a series of initiatives and projects financed *inter alia* by European funds, with the purpose of developing the planning system of the Government's agenda. In this context, SGG continues the implementation of the *Annual Working Plan of the Government (PALG)*, as well as the efforts to *render the "Strategy Unit" operational* in order to increase the predictability of the decision-making process.

Compared to previous years, the annual assessment report on the implementation of PALG 2016<sup>22</sup> shows a slight improvement, by approximately 20%, in terms of compliance with planning undertaken by the institutions. On 16 March 2017, the Government approved PALG 2017 comprising the main priorities of public policies and normative acts identified by the central institutions playing a regulatory role. This systematization and planning tool represents the basis of the Legislative Programme for the current year, contributing to a better coordination of the activities at the Executive level and a high degree of transparency in the act of governing. The updating of PALG 2017 with the priorities for September - December will take place in Q3/2017 and a note on this subject will be presented in Government meeting.

The activities planned under the *Strategy Unit*<sup>23</sup> project are ongoing. In Q4/2016, SGG experts together with a WB team finished the elaboration of a diagnosis-report on the current operating framework of the strategic management system (the report highlights the international experience in the field and comprises a number of recommendations for the concept model of a strategic management system type "*Strategy Unit*"). As a result, a *Note on the integrated strategic management system by rendering operational a structure type "Strategy Unit"* was presented in the Government meeting of 23 February 2017. The next step will be to design a unified methodological framework for the development of the sectoral and inter-sectoral strategic documents, which is expected to be finalized in Q3/2017. Achieving the specific objectives of this project will have a positive impact on the strategic planning capacity.

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<sup>20</sup> *Inter-ministerial Technical Committee for Decentralization*

<sup>21</sup> *GD No 561/2009 for 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*

<sup>22</sup> Developed by SGG, as coordinator of the elaboration and monitoring process of PALG.

<sup>23</sup> *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 (the estimated period: 27 months; the beneficiary is SGG; its implementation started in Q1/2016).*

Also, SGG continues to implement the project *Extending the strategic planning system at the level of ministries*<sup>24</sup>, aiming *inter alia* at improving the decision-making process, increasing the quality of public expenditure and enhancing the capacity in the field of strategic planning both for the Government Centre and for the institutions. Drafting a Government Decision to approve a strategic planning methodology is one of the activities envisaged by this project. The procedure of inter-ministerial consultation revealed the need to remedy certain technical issues related to the legal basis of the normative act substantiation. The approval of this document is expected in Q3/2017. Another important activity aims to develop the institutional strategic plans (PSI) at the level of 13 ministries<sup>25</sup>, as well as a system to monitor the implementation thereof. The three PSI (MADR, MEN and MS), prepared during September 2016 - March 2017, are to be finalized; the other ten PSI are in various stages of technical development. The staff training (for SGG and ministries) in the area of strategic planning and the use of IT application for PSI monitoring was completed in Q4/2016.

**Ensuring free access to information of public interest and increasing transparency in the decision-making process** remain a priority for the Romanian Government, meant to contribute to the improvement of public services. From this perspective, in 2016, MCPDS monitored the implementation of the Memorandum *Increasing transparency and standardizing the posting of information of public interest*, so as to practice an open and participative governance, observing the same standards at all levels of the Government. According to the final report on the implementation of this Memorandum, publishing *ex officio* the most requested information of public interest or posting, in a standardized manner, the minimum data foreseen by the legal framework are the main challenges in this field. In 2016, among the top ten transparent institutions were MJ (ONRC and ANC), MDRAPFE (State Inspectorate for Construction), the Prefect institutions in Botosani, Braila, Galati, Bucharest, etc. At the same time, MCPDS finalized the action of *analysing the opportunity to review the legal framework* specific to this area; in July 2016, the Government approved the amendment of the methodological norms for the enforcement of the *Law No 544/2001 on free access to information of public interest*. The changes mainly aim at providing examples of applications/reports, etc. designed to facilitate the relationship between the public institution and applicants, the development of new monitoring mechanisms and the administration's tailoring to modern methods of data communication.

In order to increase the capacity of central and local public institutions to apply the transparency legislation, MCPDS (in partnership with SGG and MAI) further implements a project<sup>26</sup> funded under ACOP, involving, *inter alia*, the development of a public policy paper on the necessary changes in terms of transparency and open governance, the organization of thematic working groups, training programmes for the local government practitioners, the creation of a platform named *transparenta.gov.ro*<sup>27</sup>, conducting regional seminars to inform and disseminate the project results. The deadline of this project is Q1/2018.

**To establish a coherent, clear and unitary legal framework for the central and local public administration**, MDRAPFE continues the efforts to *finalize and approve the Administrative Code*. On 21 December 2016, the public consultation process (launched in November, 2016) ended with a debate on the *Draft Law on the Administrative Code of Romania*. In Q1/2017, the proposals resulting from the public consultation, including the observations made by the associative structures of the local public administration authorities were analyzed by the dedicated working group of MDRAPFE and integrated in the consolidated version of the document. Also, the internal approval stage of the abovementioned draft law started. The inter-

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<sup>24</sup> Co-financed through ESF under ACOP; implementation period: 2016-2019.

<sup>25</sup> Following the reorganization of the Government's structure, the number of ministries covered by the extension of the strategic planning increased from 10 to 13: MAI, MADR, MDRAPFE, MEN, MEc, MMCA, MM, MAP, MFP, MCI, MMJS, MS, and MT (including institutions subordinated to these ministries).

<sup>26</sup> *Coherent mechanism of accessing open public information by standardizing and unifying the exceptional situations that restrict the right of free access to information of public interest* (implementation period: October 2016 - January 2018).

<sup>27</sup> A website with information to be published by the public institutions on a mandatory basis

ministerial endorsement process, as well as the approval of the draft Code by the Government and its submission to the Parliament will take place in Q2/2017. Central and local public administration, Prefect institution, statute of the civil servants and legal statute of the contractual staff within public administration, administrative responsibility, public services, etc. are among the topics to be regulated by this Code. Such a legal tool ensures predictability and stability of the legislative framework, by systematizing the relevant normative acts in the field, providing an unitary terminology for the same legal realities, institutions, principles, concepts, enhancing citizens' confidence in the continuity of regulation and creating a friendly environment for business.

Other MDRAPFE initiatives designed to optimize the legislation aim at developing the *Local Public Finance Code*, *Community Services of Public Utilities Code* or the *Code of Administrative Procedure*.

Through the *Local Public Finance Code* the systematization, concentration and rehabilitation of the legal norms specific to this field will be achieved. The draft GD on the approval of the preliminary theses of the *Local Public Finance Code*, elaborated in Q1/2017, is under public consultation (the transparency legislative procedure). The preliminary theses approval by the Government is expected by the end of Q2/2017. The approval of the draft code within Government meeting is envisaged for Q3/2017.

The elaboration of the *Community Services of Public Utilities Code* aims to solve problems related to incomplete, non-uniform and sometimes contradictory provisions comprised in the normative acts regulating the community services of public utilities, as defined by Law No 51/2006<sup>28</sup>. It is estimated that the draft of the preliminary theses of the *Community Services of Public Utilities Code* will be approved by the Government in Q3/2017, and the draft of this code in Q1/2018.

The *Code of Administrative Procedure* aims to systematize the disparate legal solutions within the current legislation in the field and to regulate the new legal situations raised by the administrative practice. To develop this instrument, MDRAPFE submitted a project fiche to MA ACOP in December 2016. The application for funding is under evaluation process and its approval is expected in Q2/2017. The public procurement of services for the elaboration of this Code will take place in Q4/2017. According to MDRAPFE estimation, the *Code of Administrative Procedure* will be finalized in Q4/2018.

At the same time, MDRAPFE pays attention to the *quality management in public administration*. In this context, the action of *developing a methodology to assess the impact of implementing the systems and tools* specific to this component is on-going (estimated budget: 303,600 Lei). The action is based on a project<sup>29</sup> submitted for funding through ACOP on 24 February 2017. It envisages the improvements in the functioning of the authorities and institutions, as well as in delivering public services, due to making use of quality management. According to the estimation made within the implementation schedule of the project, this action will end in Q2/2018.

In order to **ensure a consistent and efficient management** of the civil service and civil servants, as well as to improve the quality of the training process, the *Strategy for Development of the Civil Service 2016-2020* and the *Strategy on Professional Training for Public Administration 2016-2020* were approved. The strategies aim at modernizing recruitment, selection, promotion, individual performance appraisal and motivation in the public sector but

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<sup>28</sup> *Community Services of Public Utilities Law*, as amended and supplemented

<sup>29</sup> Funding application *Systematizing legislation, monitoring and assessing tools in public administration* has an implementation period of 30 months (the beneficiary is MDRAPFE). The general objective of the project aims to increase the quality of the activities and processes carried out by the public administration authorities, as well as the quality of the administrative acts issued by them.

also at promoting a policy of civil service and civil servants management based on professionalism and integrity.

To ensure consistency between the provisions of the *Statute of Civil Servants* and those of the *Strategy for Development of the Civil Service 2016-2020*, a draft normative act to review Law No 188/1999 was developed and included in the draft Administrative Code in November 2016. The legal form of the draft law amending and supplementing Law No 188/1999 on the Statute of Civil Servants was reviewed and subjected to the transparency procedure in the decision-making process on 1 March 2017, on the MDRAPFE website. Legal procedures are to be continued. During Q1/2017, ANFP together with MDRAPFE initiated the elaboration of the draft law amending and supplementing the *Law No 7/2004 on the Code of Conduct for Civil Servants*, republished. The final version of the abovementioned document will be completed in the first semester of 2017.

The reorganization of ANFP will be carried out in accordance with the provisions of GO No 23/2016 regarding the establishment of INA and GD No 1005/2016 on the organization and functioning of INA. Also, the reorganization will be carried out from the perspective of a new extended mandate thereof, after the entry into force of the draft law amending and supplementing the *Law No 188/1999 on the Statute of Civil Servants*, as well as of the draft GD amending and supplementing GD No 1000/2006 on the organization and functioning of ANFP, republished.

To improve the level of professionalism of the public administration staff, ANFP plans to assess the training needs and requirements of public institutions from the central and local administration. Regarding the development of professional competences, the professional training programmes for the different categories of positions in administration and for other interested persons, as well as the *Specialized Training Programme for the Category of Senior Civil Servants*, will be organized in accordance with the provisions of GO No 23/2016 on the establishment of INA and GD No 1005/2016 on the organization and functioning of INA.

In order to improve the management of civil service and civil servants, the *Integrated Civil Service and Civil Servants Record System* was updated. This system provides real-time information on the status both of the civil servants from the central and local administration as well as of public institutions with regard to human resources management. To ensure constant information to public authorities ANFP will continue monitoring the civil servants' compliance with the rules of conduct and the enforcement of disciplinary procedures.

In order to ensure **better regulation**, the *mechanism* - existing at the SGG level - for quality control of regulations will be strengthened, through the modification of GD No 561/2009<sup>30</sup>. This modification aims at including SGG's point of view regarding the achievement of the substantiation standards on the presentation and reasoning tools developed. The draft normative act to amend the GD No 561/2009, currently under public consultation, was included in PALG 2017. The mechanism for quality control of regulations at the level of ministries was established as a result of the adoption of GD No 523/2016<sup>31</sup>. In order to increase ministries' capacity of elaborating impact assessments (RIA<sup>32</sup>), three out of the five impact studies planned<sup>33</sup> were finalized and the procurement procedure regarding the training of trainers in the field of RIA was initiated. The actual organization of training courses is foreseen for the period May - June 2017. It is estimated that, by the end of 2017, all the planned impact studies would be finalized and two events designed to raise awareness of decisional level on the importance of RIA would be organized.

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<sup>30</sup> GD No 561/2009 for 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

<sup>31</sup> GD No 523/2016 for modifying and completing the Regulation on the procedures for the elaboration, monitoring and evaluation of the public policies at central level, approved by the GD No 775/2005

<sup>32</sup> Regulatory Impact Analysis/ Assessment

<sup>33</sup> Recruitment of civil servants, Food safety for small producers, and School after school programme

As regards reducing bureaucracy for citizens the *Integrated plan to simplify administrative procedures for citizens* (the revised version) was approved by CNCISCAP within its meeting of 29 March 2017. The *framework-mechanism for monitoring the integrated plan* and the *framework-mechanism to periodically assess the impact of the simplification measures* were elaborated. In order to complete these framework-mechanisms, funding was requested through a project<sup>34</sup> submitted to MA ACOP on 24 February 2017. According to estimates made based on the project implementation schedule, the above-mentioned mechanisms are going to be completed in Q2/2018.

It has to be mentioned that, in June 2016, a package of measures was adopted (GEO No 41/2016<sup>35</sup> and the related Memorandum<sup>36</sup>) to simplify procedures and reduce citizens' efforts to procure some documents, as well as to strengthen the digitalization process at the level of central public administration. GEO No 41/2016 stipulates the merging and elimination of some fees, the diversification of the means of payment of fees, the obligation to communicate online with the public services beneficiaries, the acceptance of electronically signed documents, the taking over of certain categories of data between institutions with the consent of the public service beneficiary, and the strengthening of a *one stop shop* with information and forms for citizens. The Memorandum accompanying the GEO establishes a set of principles for the use of central public administration authorities and institutions when defining their public services and administrative procedures.

In March 2017, a *Memorandum referring to the Action Plan, for 2017, regarding the initiative to reduce the administrative burden imposed on business environment* was adopted. Through this Memorandum, SGG proposes a coordination mechanism of the activities aiming at reducing administrative burden on business environment. Practically, SGG will create and lead the Steering Committee involving all the institutions responsible for the implementation, management or operation of the electronic public services related to life events in order to ensure an integrated coordination of e-Government interventions at the level of central public authorities. Also, SGG will be responsible for the methodological supervision of the public policy proposal on e-Government and for coordinating the public consultation process thereof.

A project financed through ACOP is going to be initiated in Q4/2017, aiming to facilitate the communication between the economic operators and the public institutions by means of electronic procedures, and to set up a coordinated mechanism for the online issuance and payment of some documents.

Regarding the **territorial development**, the *Integrated Strategy for Sustainable Development of the Danube Delta* was approved by GD No 602/2016. Also, calls for projects dedicated to the Danube Delta Integrated Territorial Investment area have been launched. As regards the draft law on the approval of the *Territorial Development Strategy of Romania*<sup>37</sup>, the endorsement process has been resumed. The project of the *Public Policy on Urban Development* is under development.

In order to review the legal framework on the optimization of the network of urban and rural localities, the inter-institutional endorsement process for the *draft law on reviewing the National Spatial Plan, Section IV Localities network* is going to be resumed.

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<sup>34</sup> *Systematizing legislation, monitoring and assessing tools in public administration*

<sup>35</sup> *GEO No 41/2016 for establishing some simplification measures at the central public administration level and for modifying and completing some normative acts*

<sup>36</sup> *The Memorandum Measures to simplify and coordinate administrative procedures in the specialized central public administration*

<sup>37</sup> *The draft law on the approval of the Territorial Development Strategy of Romania (SDTR) - "Polycentric Romania 2035. Territorial Cohesion and Competitiveness, Development and Equal Opportunities for People"* was adopted by the Government and submitted to the Parliament of Romania at the beginning of October 2016. The draft law was dismissed by the Parliament.

To **improve the housing conditions**, the draft of the *National Housing Strategy* will be updated - in 2017 - with the new legislative amendments<sup>38</sup> entered into force at the beginning of this year and according to the provisions of the Programme for Government. Regarding the draft *Law on the setting up, organizing and functioning of the homeowners' associations and for managing condominiums*, it was considered necessary to resume the inter-institutional approval procedure. Also, the elaboration of the draft *Housing law* is expected to resume

Regarding the **increase of the absorption capacity of the European structural and investment funds (ESIF) and improving management thereof**, there are some developments related to the measures proposed in 2016 on the acceleration of the 2014-2020 Operational Programmes implementation, fulfilment of *ex-ante* conditionalities, full transparency concerning the implementation of the European programmes and projects, and support granted to project beneficiaries.

By the end of March 2017, more than 140 calls of projects have been launched, 32,000 financing contracts have been signed and the authorities involved in the management and control system for four programmes financed under 2014-2020 programming period have been accredited, respectively for *IPA INTERREG Romania-Serbia Cross Border Cooperation Programme*, *INTERREG V-A Romania-Bulgaria Cross Border Cooperation Programme*, *Aid to the Most Deprived Operational Programme* and *National Rural Development Programme*. Although, taking into consideration the complex process related to the development and operationalization of IT systems for 2014-2020 programming period, as well as other issues regarding the completion of the institutional and methodological framework, the estimated deadline for the accreditation of all authorities involved in the management and control system of the Operational Programmes is Q3/2017.

Concerning the reviewing of institutional and methodological framework, to the main normative acts adopted in 2015 to ensure ESIF absorption the *GD No 93/2016 on the approval of the methodology norms for the implementation of the provision of GEO No 40/2015 on the financial management of the European funds for 2014-2020 programming period* was added. The revision of the methodological framework<sup>39</sup> focused on some issues such as elimination of shortcomings identified during the previous programming period, and integration of the new specificities related to the current programming period.

Based on the follow-up of the *ex-ante* conditionalities fulfilment, out of the 36 conditionalities<sup>40</sup> assumed in the Partnership Agreement, Romania fulfilled 28. For the *ex-ante* conditionalities fulfilment in the health field, the measures engaged in the action plan have been achieved and the national self-assessment will be performed<sup>41</sup> based on the additional information to be received from the EC. Following bilateral discussions, the deadline for this conditionality fulfilment has been prolonged until July 2017. Six *ex-ante* conditionalities, of which three for *transport*, one for *research and innovation infrastructure*, *public administration*, and *public procurement* respectively are being informally discussed with the EC, while the *waste sector* conditionality requires the implementation of a complex package of actions.

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 institutions managing European funds; both applicant guides approved, and the guides which are under public consultation are being published on these websites. By 10 March 2017, 156 applicant guides (both final and under public consultation stage) were published.

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<sup>38</sup> Referring to the Fiscal Code

<sup>39</sup> The methodological framework can be revised following of issues identified during the implementation of programs, as well as the changes of the existing institutional framework.

<sup>40</sup> Seven general and 29 thematic conditionalities

<sup>41</sup> And officially sent to the EC

Likewise, to support the beneficiaries of European funds financed projects, the implementation procedures have been simplified and the documentation was standardized, with the involvement of all relevant institutions. In order to simplify the access to the European financing a standard document is available for each operational programme containing similar information; at the same time, the estimated schedule for calls of projects has been published in order to ensure the predictability of the financing opportunities. The Applicants Guides have been standardised and the rules are similar for an applicant irrespective of the European financing programme. Furthermore, a single framework contract/financing decision has been set up in order to be used by almost all Management Authorities (MAs). The electronic submission of applications for funding is done through an IT dedicated system. Moreover, the *Minister of European Funds' Order No 1953/2016 for application of the provisions of GEO No 41/2016 on the simplification measures at the central public administration level* has been approved; the Order provides the elimination or replacement of some documents which were mandatory in the past to access European financing, by means of applicant's affidavit..

Other measures taken concern the *use of simplified cost options* as an alternative to the reimbursement of real costs for the HCOP 2014-2020 projects, the *introduction of the option of reimbursement of indirect costs* as a flat rate of 15% of the direct eligible costs with the staff which is not subject to subcontracting. In this regard Romania is in the final stage of the negotiations with the EC in view of applying standard scales for unit costs to employers' subsidies.

In order to increase the absorption capacity of the European funds, the measures related to the completion of the accreditation process for the authorities involved in the ESIF management system, the publication of the beneficiaries' guides and training thereof, the simplification of the project implementation procedures and the standardization of the necessary documents by involving all the institutions will continue. This will be done in order to accelerate the implementation of operational programmes funded by 2014-2020 ESIF, to ensure full transparency of the implementation of European programmes and projects and support project beneficiaries.

Regarding the **achievement of the national interoperability framework for streamlining public activities**, MCSI has finalized the supporting documentation for elaboration of the draft *GD on the National Interoperability Framework*: this document is envisaged to be submitted to the Government for approval by April 2017. This framework will ensure full interoperability between future public sector systems in line with the guidelines of the European Interoperability Framework and will take into account both the semantic interoperability at the level of the information systems within the Romanian public administration (including for projects under implementation) and the cross-border interoperability with the EU' and international systems. The main outcome of the implementation of the National Interoperability Framework is the decreasing of the number of redundant data sources in public administration and increasing the capacity to provide inter-institutional data by using standard data formats. MCSI will also develop the draft *Law on Interoperability of Information Systems in Public Administration*, which will be submitted to the government by December 2017.

As regards the *setting up of a national cybersecurity system* (SNSC), this area will be regulated by the transposition into national legislation of Directive (EU) 2016/1148 concerning measures for a high common level of security of network and information systems across the Union. By the end of 2017, two draft normative acts will be elaborated, namely: *the draft law on measures for a high level of security of the networks and information systems* and *the draft law on the establishment of the Cyber Security Centre - CERT.RO*. The deadline foreseen for the transposition of the provisions of Directive (EU) 2016/1148 into national law is May 2018.

In order to *streamline the use of e-government solutions*, it is intended to strengthen the institutional capacity of public authorities to develop e-Government tools for citizens and the business environment as well as to ensure the vision and guidelines in e-Government.

In this respect, MCSI, as both partnership leader and beneficiary, is implementing together with SGG the project *Establishment of the framework for the development of e-Government tools (EGOV)*, financed by the ESF 2014-2020. The project 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 the legislative, institutional, procedural and operational framework for the use of e-Government tools. The deadline for its completion is the first semester of 2019.

The Government will make further steps towards the **reform of the public procurement system**, through the implementation of measures related to the national strategy for this sector, in accordance with the EC Action Plan in the field. The *National Strategy on public procurement* is under implementation while observing the complex measures and/or those involving several stakeholders. Therefore the proactive *monitoring* of the implementation of measures foreseen, as well as the elaboration of progress reports<sup>42</sup> to be submitted to Government will continue.

The new legislative package transposing into the national legislation the European directives 2014/23/EU (concessions), 2014/24/EU (classic procurement), 2014/25/EU (procurement in the utility sectors) entered into force in May 2016. In 2016, after adopting the three primary level normative acts (*Law No 98/2016 on public procurement*, *Law No 99/2016 on sectorial procurement* and *Law No 100/2016 on works concessions and services concessions*), the Government of Romania approved the secondary legislation: GD No 395/2016<sup>43</sup> (June) and GD No 394/2016<sup>44</sup>, respectively GD No 867/2016<sup>45</sup> (December).

According to the provisions of the new legislative package, the contracting authority awards the public procurement contract/the framework-agreement to the bidder who submitted the most economically advantageous offer, on the basis of the award criterion and evaluation factors foreseen in the procurement documentation, which may be: the lower price, the lower cost, the best quality /cost ratio.

To ensure a better monitoring and assessment of the way of functioning of the public procurement system, *new key indicators* will be developed starting with Q3/2017, through the project *Increasing the administrative capacity of ANAP and of public institutions with responsibilities in the implementation of the national strategy for public procurement*<sup>46</sup>.

To suppress delays and bureaucratic obstacles in public procurement through the above-mentioned project<sup>47</sup> it is foreseen a phased development of an online guide<sup>48</sup> comprising the complete cycle of public procurement for the contracting authorities and the stakeholders. In December 2016, ANAP launched the first module of the guide, which can be found at: <http://achizitiipublice.gov.ro>. At the same time, a first draft of standard tender documentations for intellectual services was elaborated. Within the same project, a guide for solving deficiencies in the implementation of the public procurement contracts will be developed. These measures will support the contracting authorities to avoid errors during the public procurement process and subsequently in the execution of contract.

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<sup>42</sup> Notes on the fulfilment of ex-ante conditionalities

<sup>43</sup> GD No 395/2016 to approve the methodological norms of application of the provisions referring public procurement contract/framework-agreement from Law 98/2016 on public procurement

<sup>44</sup> GD No 394/2016 to approve the methodological norms of application of the provisions referring to the award of the sectorial contract/framework-agreement from Law No 99/2016 on sectorial procurement

<sup>45</sup> GD No 867/2016 to approve the methodological norms of application of the provisions referring to the award of the works concessions and services concessions contracts from Law No 100/2016 on works concessions and services concessions

<sup>46</sup> ANAP signed the financing contract for this project with MA ACOP (code SIPOCA 45; implementation period of 32 months) on 27 February 2017.

<sup>47</sup> Budget allocated through the project SIPOCA 45: Lei 9,114,069,60 (without VAT)

<sup>48</sup> This guide will be elaborated, in several stages, in the period 2016-2019.

As regards the *professionalization of persons responsible with public procurement*, ANAP made steps to introduce the general public function in the draft for amending Law No 188/1999<sup>49</sup> and had appointments with several universities in the country, which showed availability or interest to organize postgraduate/master courses in the field of public procurement; in the next step, a curriculum and the list of competencies to be acquired by the participants to these courses will be agreed. In the second half of 2017, cooperation protocols between ANAP and the concerned universities are going to be concluded. Also, it is worth mentioning that ANAP proposed the inclusion of the *Strategy on professionalization in the field of public procurement* in PALG with deadline November 2017.

As regards the *development of centralized public procurement units* for the central administration, the analysis on the opportunity of the setting up of such units is going to be finalized in April 2017<sup>50</sup>. The setting up of the centralized public procurement unit (at national level) through normative act is envisaged for Q4/2017. It is estimated that the *new SICAP*<sup>51</sup> platform will be entirely operational by the end of May 2017.

For *preventing and diminishing conflicts of interest* in the field of public procurement, a guide<sup>52</sup> dedicated to the contracting authorities on the identifying, detecting and preventing conflicts of interest is going to be completed with the support of the EIB. This guide will define the role and responsibilities of the contracting authorities as regards the conflict of interest, comprise instruments and presentation methods to be used for managing situations of conflicts of interest and address the concept of sensitive key functions.

The *reform of the ex-ante control system* will be based on a sampling methodology including risk factors as the value and complexity of the contract, but also the capacity of the contracting authority. At the same time, the ex-ante control will aim both the regularity issues and the quality ones. The methodology related to the new type of ex-ante control will be available starting with Q4/2017. Concerning the application of corrective measures, an analysis determining the opportunity and the modality through which the ex-ante control body will be able to take such measures is going to be performed. It is estimated that the new ex-ante control system will be fully functional in Q2/2018.

As regards *improving and expanding the system of preventing conflicts of interest to all procurement procedures*, until the entry into force of Law No 184/2016<sup>53</sup>, ANI will conclude cooperation protocols with the institutions with attributions in the management of information necessary for the functioning of PREVENT system, in order to render this system operational. The cooperation protocol between ANI and ANAP is under inter-institutional consultation.

In terms of fighting against corruption and defending the independence of the judiciary, Romania's positive trend, remarked during the last three years, has continued in 2016<sup>54</sup>. **To reduce and prevent corruption at all levels of public administration**, MJ focuses its efforts on implementing the *National Anticorruption Strategy (SNA) 2016-2020*, thus promoting the transparency of the decision-making act and open governance for the benefit of citizens. The fight against corruption is a continuous exercise and it is important to pay a special attention to the *prevention and educational* components. Measures like *strengthening the administrative*

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<sup>49</sup> See website: <http://www.mdrap.gov.ro/lege-privind-statutul-functionarilor-publici-si-evidenta-personalului-bugetar-din-administratia-publica>

<sup>50</sup> A first version of this analysis was elaborated in December 2016

<sup>51</sup> SICAP (*Environmental Information System for performing collaborative development of public procurement*) – the new public procurement system

<sup>52</sup> Budget allocated through the project SIPOCA 45: Lei 221,139,59 (without VAT)

<sup>53</sup> *Law No 184/2016 on establishing an ex-ante verification mechanism for the prevention of conflicts of interest in the procedure for awarding public procurement contracts*, published in MO, Part I, No 831/20.10.2016. This law enters into force eight months after publication in MO (except article 13, article 14 - paragraphs (3) and (4), and article 15, which entered into force three days after publication in MO).

<sup>54</sup> Frans Timmermans, EC First Vice-President, amid the discussions on CVM Report on Romania (January, 2017).

capacity of the technical secretariat of SNA<sup>55</sup> or monitoring the elaboration process of the integrity plans of the public enterprises<sup>56</sup> are meant to increase transparency, ethics and integrity, as key-factors for delivering high-quality public services.

Moreover, by approving SNA 2016-2020, Romania envisages to reiterate the national strategic objective of joining OECD, including the *Convention* and the *Working Group on Bribery*. In this context, in 2017-2018, MJ will implement the *Roadmap for Strengthening Romania's Cooperation with the Working Group on Bribery*, contributing - together with OECD Secretariat - to the elaboration of a preliminary analysis concerning the legislation in the field and of a report on this issue, as well as to the organization of an exchange of best practices on enhancing the legislative areas identified in the abovementioned report.

### 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 investments is a priority of the Romanian Government. The **Romania's economic code** will be drafted under a wide consultation with all stakeholders. The project aims, first and foremost, at increasing respect for investors engaged in economic activity. It will contain the Tax Code, Tax Procedure Code, the Law on setting-up companies, the Tax Evasion Law and all the other economic laws while preserving and making their provisions mandatory for a period of five years.

One of the basic principles of the *Economic Code* will be prevention. The draft **Law on prevention** aims to prevent automatic application of sanctions for deeds that constitute legal offences, through planning compliance, so as to give taxpayers a timeframe when they will be able to correct deficiencies and to comply with the legal provisions; the draft law shall be subject to Parliament adoption in the Q2/2017. To increase transparency and reduce corruption in the legislative and executive decision-making by public authorities, the draft **Law on lobbying**, which will regulate the framework for lobbying in Romania, will be subject to Parliament adoption.

In order to reduce the competitiveness gap, as compared with other EU Member States the aim is to **increase the accessibility of enterprises/SMEs to the services provided by the authorities for supporting them throughout their lifecycle**. To this end, further *simplification/optimization of procedures that support SMEs/enterprises throughout their lifecycle*, continues as follows<sup>57</sup>:

<sup>55</sup>The measure will be implemented by a project funded under ACOP, lasting 22 months from the signing of the financing contract.

<sup>56</sup>This action represents a new issue within SNA 2016-2020 and aims at establishing the obligation of the public enterprises to develop integrity plans based on OECD *Good Practice Guidance on Internal Controls*.

<sup>57</sup> Better Regulation Strategy 2014-2020. The reference data used in Appendix 1 refers to the *Doing Business Report 2014*. According to *Doing Business 2017*, Romania significantly improved its position compared with *Doing Business 2014 report* (73<sup>rd</sup> place), ranking 34<sup>th</sup> among the 190 economies analyzed. In this ranking, Romania occupies the 95<sup>th</sup> place in obtaining the building permits, the 62<sup>nd</sup> place in start of the business, the 57<sup>th</sup> place in the registration of the properties and the 49<sup>th</sup> place in the insolvency.

- **Simplifying the procedures for obtaining the construction authorisation** was adopted by GEO No 100/2016<sup>58</sup>. The legal document is binding central and local public administration, such that the receiving documentation, the issuance of planning/building permits and their extension, to be operated via the portal <http://www.edirect.e-guvernare.ro>, ensuring thus the interconnection with the *Point of Single Contact* for services directive. By 2019, at the national level, it will be gradually developed the *e-Government system for Planning and Construction Authorization, the information and process flows will be optimized and, the Code for the Spatial and Urban Planning and Constructions and technical regulations systematized and updated* will be developed under a project<sup>59</sup> financed by the ESF. As a result to systematization of legislation and the development of technical procedures, the vulnerability to corruption is expected to be reduced; 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 construction authorisation by 25%;
- **Improving cadastral activity:** financed from domestic funds; in that regard ANCPI continued the process of *improvement of cadastral activity*, seeking to complete the process of systematic registration of real estates<sup>60</sup> and *the development of the Integrated System of Cadastre and Land Book*. To implement the Government policies designed to support farmers and Romanian agriculture's development, ANCPI is implementing the second stage of the National Plan of Cadastre and Land Book (NPCLB) according to GEO No 35/2016, which foreseen funding for local authorities budgets granted by ANCPI in order to ensure financing/co-financing of systematic registration started by ATUs. On 27 March 2017, out of 40 million national properties estimated, ANCPI recorded in the IT system about 9.5 million real estates (i.e.23.92%), as a result of both sporadic and systematic records achieved so far. A phased project, funded through the 2014-2020 COP, totalling 34.5 million Lei, will be implemented and aiming at modernization of methods for collecting, evaluating, analyzing and reporting data from Agricultural Register. To facilitate the implementation of investment projects in infrastructure, unique criteria for prioritizing of ATUs funded through NPCLB will be introduced, in line with those funded under the 2014-2020 ROP. To this end, the GD No 294/2015 will be amended and this procedure is currently under inter-ministerial approval process. The major project *Improving the coverage and inclusion of the property registration system in rural areas of Romania financed through ROP 2014-2020* totalling 1.412 million Lei will be submitted in the Q2/2017 for evaluation and contracting purposes. The online payment system through which individuals and businesses can obtain the land book extract for information purpose was implemented. The draft *Law on the Integrated System for Land Registry and Cadastre* is under inter-ministerial approval procedure, and will be subject of Parliament adoption in Q2/2017.

The implementation of the actions foreseen in the *Action Plan for creating and updating the National Infrastructure for Spatial Information in Romania*<sup>61</sup>, which allows the uploading of geospatial information into the system, continues. The single interface for the integration on the interoperability platform of *e-Terra 3*<sup>62</sup> on recording geospatial cadastral parcels has been

<sup>58</sup> On Amending Law No 350/2001 on spatial planning and urbanism and Law No 50/1991 regarding the authorization of the execution of the construction works

<sup>59</sup> "Systematization of legislation in the area of spatial planning, urbanism and constructions and strengthening of the administrative capacity of specialized structures in central public institutions with responsibilities in the field", amounting to 12 million Lei financed by ACOP 2014-2020. The project is included in the *Integrated Plan to simplify administrative procedures applicable to citizens* (Measure 11).

<sup>60</sup> Until 15 March 2017, 6,993,093 ha and 9,496,816 real estates were registered in the *Integrated System of Cadastre and Land Book*. In 25 ATUs, all properties were registered.

<sup>61</sup> GD No 38/2016

<sup>62</sup> The platform ensures the regulatory compliance and the main route of the web services for automatic interaction with other institutions aiming at securing the processing capacity and the valorisations of the geospatial specialized information (GSI). The functionalities of the *E-Terra 3* system and on-line user interaction services are implemented. E-Terra 3 is part of [www.geoport.ancpi.ro](http://www.geoport.ancpi.ro)

created, and the mechanism for processing geospatial data interfaced with the systems of various information holders has been operationalized. Moreover, the structure, organization and the operation of the electronic register (RENNS)<sup>63</sup> have been shaped.

- **Paying of taxes and fees:** by GEO No 84/2016 on amending and supplementing certain normative acts in the financial-fiscal field, the amendments to the Tax Procedure Code included measures aimed on extending the remote payments of taxes through electronic instruments (i.e. internet banking, by credit card at desks or infokiosks).
- **Business insolvency:** in 2016, the number of openings on insolvency proceedings registered in the insolvency procedures bulletin dropped by about 19% compared to 2015<sup>64</sup>. On 1 August 2017, following the entry into force of Law No 151/2015, MJ/ONRC will *render operational the insolvency procedures for natural persons* by establishing a collective procedure for the recovery of the financial situation of the debtor, natural person of good faith, in order to cover as much as possible its liabilities and ensure debts discharge.
- **Registration of enterprises:** since July 2016, the mechanism of paying the fees and charges on-line by bank card has been extended, and since the Q2/2016, the Infokiosk Bucharest service has become operational and ensures the availability of the information registered in the trade register for the potential users. This service is to be extended at national level. In 2016, MMACA implemented two schemes to support *start-ups*<sup>65</sup> of which 294 young entrepreneurs are benefiting from, the amount of non-reimbursable funds rising to 22.5 million Lei. Since 1 February 2017, 20 registration taxes with the Trade Register have been cut, and a 30% increase of registered enterprises and a 74.42%<sup>66</sup> reduction in registration costs are foreseen. In order to increase the access of Romanian companies to information about partner companies from EU Member States and to ensure the interconnection with the trade registers of the Member States, a project with a total value of 547,000 Euro is implemented through the European programme *Connecting Europe Facility*. The services offered by the ONRC are to be diversified according to the provisions of GD No 811/2016. The *Registry of Real Beneficiaries* will be set up for the companies registered in the Trade Register in the form of a central register organized at the ONRC level. For this purpose, the draft law which transposes the EU Directive 2015/849<sup>67</sup> is promoted. The draft law was finalized at the technical level and will be launched in March 2017 for public consultation process. To continue the process of simplifying the administrative procedures and regulating the profession of registrar, the draft *Law on registrars of registry and registration activity in the trade register* will be promoted in Q4/2017.

In order to **optimize the administrative procedures**, following calls for 2016 phased investment projects, supported by the 2014-2020 ERDF, to *strengthening and ensuring the interoperability of e-government information systems dedicated to e-Government services 2.0 focused on events in the lives of citizens and businesses, the development of government cloud*

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<sup>63</sup> GD No 777/2016

<sup>64</sup> Between 1 July 2014 and 15 March 2017, according to BPI (the Bulletin of Insolvency Proceedings), 13,503 bankruptcy proceedings were resolved (general procedure and simplified procedure). Of these, 5,241 were resolved within a period of less than 6 months, 3,070 were resolved between 6 and 9 months, 1,937 were settled between 9 months and 1 year, and 10,248 were resolved within a shorter term 1 year. 1,185 were resolved between 1 year - 1 year and 3 months, 827 were settled between 1 year and 3 months - 1 year and 6 months, 544 were settled between 1 year and 6 months - 1 year and 9 months, 392 were settled between 1 year and 9 months - 2 years, 307 were resolved within a period longer than 2 years. There are still 12,707 bankruptcy proceedings (general and simplified procedures), of which 3,843 were opened in the last 6 months, and 2,215 are in progress for over 2 years.

<sup>65</sup> *Start Program and Incentive Program for the Establishment and Development of Businesses by Start-Up Companies (SRL-D)*

<sup>66</sup> With this percentage the revenues from the registry activity in February 2017 decreased, compared to January of the same year, but this analysis of influences in February includes also the collection of the calculation notes drawn up in January 2017.

<sup>67</sup> On the prevention of the use of the financial system for money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council and repealing Directive 2005/60 / EC of the European Parliament and of the Council and Commission Directive 2006/70 / EC.

*computing and social media communication, and of Open Data and Big Data*<sup>68</sup>, MCSI has accepted three projects for funding<sup>69</sup> with a total grant of 32.4 million Euro.

The operationalization of the CIO (*chief information officer*) at the centre of the government was one of the main measures to ensure the continuation of digital reform of the administration, adding new attributions to this position through *GD No 21/2017 on the organization, operation and attributions of SGG*. In addition, this organization was also better defined by *GD No 36/2017 on the organization and functioning of MCSI* which clarifies the collaboration mechanisms between the ministry and the CIO office. It is foreseen a concrete plan to modernize AADR, with increased attributions in order to deliver the vision of digitizing the public services to the citizen as well as within the administration, as they are designed by the CIO.

In order to increase the competitiveness of enterprises, based on OECD' recommendations resulting from the completion of the project *The impact assessment of the regulations in force in three key sectors of the Romanian economy*<sup>70</sup> on a competitive environment (June 2016 - March 2017), 34 barriers were eliminated (out of which 14 in the field of construction) through nine normative acts, and by the end of 2017 another 85 barriers will be removed by amending/supplementing other 44 normative acts.

Regarding the *poorly developed broadband structure in the rural area*, the Law No 159/2016 on the physical infrastructure of electronic communications networks and some measures to reduce the cost of installing of electronic communications networks were adopted.

In order to *increase the confidence of consumers and retailers in online transactions on the national market*, MCSI will continue until Q1/2018 the implementation of a project<sup>71</sup>, funded from the 2014-2020 ESF amounting to 4.4 million Lei through which there will be elaborated: *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*. Moreover two implementation mechanisms<sup>72</sup> will be created and training sessions will be held on e-commerce with public administration representatives to develop the required skills to manage this field. In order to *support the use of ITC in business development*, in particular the e-commerce framework<sup>73</sup>, 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.

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

In order to **increase SMEs' access to loans and guarantees** from 2014-2020 ERDF allocations (totalling 100 million Euro), *the uncapped guarantee instrument* developed under the *Operational Programme SME Initiative (SMEIOP)* will be implemented and 2.500 SMEs will be

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<sup>68</sup> 2014-2020 COP, Action 2.3.1- *BIG DATA SECTION*

<sup>69</sup> 1. Modernization of the methods for collecting, evaluating, analyzing and reporting the data from the National Agricultural Register using the information technology, Phase II - Beneficiary: ANCPI; 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.

<sup>70</sup> The OECD report on Regulatory Impact Assessment on the Competitive Environment presented in June 2016 contains 152 recommendations on specific legislation, as follows: 72 recommendations in the construction sector, 46 in freight transport and 34 in agro-food processing.

<sup>71</sup> Improving the required rules, procedures and mechanisms for MCSI to further develop the e-Commerce sector (ECOM), SIPOCA 18

<sup>72</sup> One for the coordination between MCSI and institutions involved in e-commerce, and another one for the cooperation with stakeholders

<sup>73</sup> Action 2.2.1. POC 2014-2020.

financially supported. In 2016, with allocations from the State budget or from attracted sources, the implementation of the national programmes<sup>74</sup> supporting 610 SMEs, continued. The total value of the guarantees granted was 75.2 million Lei for all the contracted loans totalling 222.7 million Lei. In Q2/2017, MFP will promote the legal framework for the implementation of the *SME Invest Programme* to support SMEs by loans guarantees.

The supporting actions of innovative SMEs will continue by **stimulating the creation and development of additional investment capacity for private capital (mezzanine capital, venture capital for growth)**, following the adoption of *Law No 120/2015 on stimulating individual investors - "business angels"*. In December 2016, the initiation of the *de minimis aid scheme for the support of companies through investments made by individual investors* under the provisions of the Law No 120/2015 was approved. The scheme is about to become operational in Q3/2017. In addition, the financing agreement with the EIF was signed, which will create a *Fund of funds* in the form of venture capital with a total budget of 59.3 million Euro from the 2014-2020 ERDF.

In order to increase the enterprises' (especially SMEs) accessibility to financing, by the end of Q2/2017, the *structural instruments information centre* and the *7 regional network points established at the level of the RDAs* will be operational.

The *Sovereign Development and Investment Fund (SDIF)* will be created to develop and finance cost-effective and sustainable investment projects in competitive sectors, through direct or joint venture with institutional or private investors. By the end of the Q3/2017, the draft *Law on the establishment of the SDIF* will be approved by the Government.

Since the beginning of 2017, new tax incentives<sup>75</sup> have been put in place to support enterprise development, including: the extension of the reinvestment profit for an indefinite period<sup>76</sup>; modification of the micro-business taxation system; change of the VAT regime for farmers (which allows them to benefit from a lump-sum compensation for the purchase charge); exemption from income tax of individuals which performs seasonal work.

### 3.3.2. Developing the sectors with growth potential

For the development of more competitive markets for products and services financed by the State budget and the 2014-2020 ESFI, investment projects are targeting the **development of the 10 competitive economic sectors**<sup>77</sup>. On 8 December 2016, the *Inter-Ministerial Committee for Competitiveness (IMCC)*<sup>78</sup> formally approved the strategic monitoring and orientation report<sup>79</sup> on the *National Competitiveness Strategy 2015-2020 (NCS)*.

To achieve the NCS goals, up to the Q2/2018, within a project funded through 2014-2020 ACOP<sup>80</sup>, the following will be developed: ***Romania's Economic Atlas 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 economy, and a ***system for monitoring and assessing the impact (at all stages) of public policies with impact on industrial policy*** will be developed.

<sup>74</sup> The SMEs Guarantee Programme for 2013-2016 and the Romanian-Swiss Programme for SMEs 2014-2019.

<sup>75</sup> GEO No 3/2017 and GEO No 84/2016

<sup>76</sup> For technology equipment, electronic computers and peripheral equipment, home and office machines, control and billing, software and computer software usage

<sup>77</sup> The competitive sectors identified in the NCS 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

<sup>78</sup> On 30 March 2017, the GD on establishing the IMCC was approved in the Government meeting

<sup>79</sup> Published on the MEc website: <http://www.economie.gov.ro/strategia-national-for-competitiveness-2014-2020>

<sup>80</sup> Project: Development of the institutional capacity of the Ministry of Economy - SIPOCA Code, totalling 9.9 million Lei

The implementation of the national programmes developed by MFP aiming at supporting the large enterprises and those initiated by MMACA for the support of SMEs<sup>81</sup> has continued. Within the programmes carried out by MFP, 109 investment projects totalling 2,670.73 million Euro were approved out of which 58 projects were funded for investments in assets<sup>82</sup> and 51 projects were funded for newly workplaces created<sup>83</sup>. Out of the above 37 projects were finalized, the remaining are under implementation phase and so far payments totalling 498.03 million Euro were made for the approved projects. In addition, in order to support the *automotive industry*, the production volume commitment by Ford (810,000 cars and 1.5 million engines by 31 December 2025) was prolonged by GEO No 63/2016, subject to the completion of an additional investment between 2016 and 2019 of at least 130 million Euro.

In 2016, 445 SMEs were financially supported for the implementation of investment projects totalling 73.5 million Lei, through which 1,635 new jobs were created and the total value of the State aid granted for large enterprises amounted to 72.78 million Euro.

In order to increase the competitiveness of SMEs in competitive sectors identified in the NCS and in the Regional development plans<sup>84</sup>, the 2014-2020 ROP, within the total budget of 1,056.5 million Lei, will finance the *investment projects of micro-enterprises in the urban area* (in the calls for projects launched in 2016, 1,944 projects were submitted totalling 1,660.9 million Lei). At the same time, ROP *will support approximately 100 SMEs for the creation and extension of advanced production capacities and services development*<sup>85</sup>, corresponding to an allocation of 872 million Lei. Up to date, eight projects have been submitted with a total value of approximately 28.8 million Lei.

In order to *increase the labour productivity and the competitiveness of enterprises/agricultural holdings in the processing and marketing of agriculture food products* from 2014-2020 EAFRD, the support for investments in farms *development and diversification of integrated agro-food chain* continues. 776 investment projects are being implemented to increase the competitiveness of agricultural holdings/fruit growing and the processing and marketing of agricultural products<sup>86</sup>, with a total public value of 263.62 million Euro (228 projects transferred from the previous programming period 2007-2013 are included for completion). With 2014-2020 EAFRD financial support, *the development and diversification of short supply*<sup>87</sup> *chains for the marketing of agri-food products*<sup>88</sup> continues. Following 2016 calls for projects, 123 projects amounting to a total public value of 11.74 million Euro were submitted. In order to cover the need for restructuring and modernization of small farms and their orientation towards the market, projects are funded to this end through the NRDP 2014-2020<sup>89</sup>. In order to facilitate the land merging, in addition to relocating the ownership rights, farmers are given a voluntary opportunity to transfer their land to other farmers so that long-term exploitation rights can be achieved (e.g. lease).

In order to diversify the agricultural activities, as well as to improve the competitiveness of the rural economy through 2014-2020 EAFRD, projects for *the development of pilot projects and*

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<sup>81</sup> Multiannual National Microindustrial Programme and Multiannual National Programme for the Establishment and Development of SMEs in Rural Areas

<sup>82</sup> State aid schemes established by GD No 1165/2007, 1680/2008, 753/2008, and 807/2014

<sup>83</sup> State aid schemes established by GD No 797/2012, and 332/2014

<sup>84</sup> Investment Priority 2.1, ROP 2014-2020

<sup>85</sup> Investment Priority 2.2, ROP 2014-2020

<sup>86</sup> NRDP - Sub-measures: 4.1 Investments in agricultural holdings, 4.1a Investments in fruit holdings and 4.2 Support for investment in the processing / marketing of agricultural products and 4.2a Support for investment in the processing / marketing of products from the fruit sector

<sup>87</sup> A supply chain that does not include more than one intermediary between the manufacturer and the consumer

<sup>88</sup> 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 and to carry out local promotion activities for the development of short supply chains and local markets and sub-measure 16.4.a

<sup>89</sup> NRDP 2014-2020, Sub-measure 6.5 Small farmers

**new products, practices and technologies**<sup>90</sup> proposed by operational groups<sup>91</sup> are funded. The related calls will be launched in the Q3/2017.

To support the above-mentioned investments, a *credit fund is established* with the allocation of resources from the 2014-2020 EAFRD. By GEO No 22/2017<sup>92</sup>, agricultural and fishery producers -natural or legal persons - will be assisted in obtaining guarantees for contracting loans for the spring agricultural campaign, for purchase of agricultural land in order to expand their farms, and to modernize and make them more efficient. To this end, provisions have been included to increase the percentage (from 50% to 80%) of guarantee for farmers to purchase agricultural land, to initiate a State aid scheme for beneficiaries whose guarantee fees exceeds the rate of 2%, according to Commission Communication 2008/C155/02 and for the extension of the categories of potential beneficiaries both in the agricultural and aquaculture sector.

In order to ensure the economic viability of farms, agricultural and forestry holdings, through 2014-2020 EAFRD, the support for investments in the *modernization of secondary irrigation infrastructure* is continued. 123 projects totalling 62.35 million Euro were contracted (out of which 72 contracts amounting to a total public value of 13.67 million Euro were signed during the 2007-2013 programming period and transferred to be finalized in 2014-2020 NRDP). 51 contracts signed under the 2014-2020 legal framework currently in progress and aiming at modernizing irrigation systems for an area of 87,381 hectares. Out of all contracts signed in the 2007-2013 legal framework, and transferred to NRDP 2014-2020, 27 projects were finalized and aiming at modernizing/developing irrigation systems for an area covering 82,054 hectares. In addition to the investments made under the EAFRD 2014-2020, the Government will act to develop 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 in this field. The programme aims to rehabilitate in three stages<sup>93</sup>, by the end of 2020, the main capacities existing in 86 viable facilities belonging to the public domain of the State, surfacing approx. 1.8 million hectares. Under the first stage of the programme dedicated to 42 irrigation facilities, the procedures for evaluating/approving of the technical and economic documentation of investments are in progress.

In order to **support the cultural and creative industries**<sup>94</sup>, another important sector of the national economy provided by the NCS in 2016, the draft *Sectoral Strategy for Culture and Cultural Heritage 2016-2022* is being elaborated. The draft strategy is due to be submitted for public debate with the aim of its completion during 2017. The *White paper on cultural and creative sectors* which will be launched in 2017 was also developed. In 2016 the preliminary theses of the project for *Cultural Heritage Code* have been approved by GD No 905/2016. *The*

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<sup>90</sup> Sub-measure 16.1. Support for the setting-up and operation of operational groups (GO), development of pilot projects, new products, sub-measure 16.2 Support for pilot projects and for the development of new products, practices, processes and technologies

<sup>91</sup> Operational groups consist of: a partner in the agri-food / forestry sector, an RDI partner, as well as other relevant partners (private enterprises, NGOs)

<sup>92</sup> Amending and supplementing GEO No 43/2013 on some measures for the development and support of family farms and facilitating access to financing for farmers; on supplementing art. 51 of the Law No 329/2009 on the reorganization of public authorities and institutions, the rationalization of public spending, the support of the business environment and the respect of framework agreements with the EC and the IMF, as well as the regulation of the interest received by managers from placing in bank deposits or government securities of the remaining amounts at their disposal after the closure of the guarantee schemes financed from the NRDP 2007-2013, respectively the 2007-2013 Fisheries OP and the conclusion of the MADR conventions.

<sup>93</sup> The first stage involves the rehabilitation of 40 viable irrigation facilities (69 base pumping stations, 87 refuelling stations, 2,525 m discharge pipelines, 1,226,505 m adduction channels, 1,965,488 m distribution channels, and 3,125 constructions Hydrotechnical works) for which Land Improvement Organizations (OIF) have been established, which have accessed sub-measure 125a1, a1 - Irrigation and other land improvement works under NRDP 2007 - 2013; the second stage aims at rehabilitating targets from 37 viable irrigation facilities on which OIFs are set up to be able to rehabilitate the secondary irrigation infrastructure under sub-measure 4.3 of the NRDP 2014-2020; the third stage will include the rehabilitation of targets from 9 viable irrigation facilities that are not yet established by OIFs.

<sup>94</sup> Creative industries contribute with 9 billion Euro (nearly 6%) to GDP and more than 140,000 jobs, according to estimates by the "Oricum" Association in 2015

*National programme CULTIN* was implemented and 11 cultural projects amounting to 0.5 million Lei were financed from the State budget. Funding from 2014-2020 ERDF and EAFRD of investments for restoration, preservation and capitalization of cultural heritage objectives continues: 298 applications totalling 3.32 billion Lei were submitted to be financed through the ROP while NRDP financing 195 projects with a public value of 61.12 million Euro are being implemented.

For the **development of the ICT sector**, investment projects for the development of innovative ICT products and services proposed by SMEs (alone or in partnership), are funded from the 2014-2020 ERDF<sup>95</sup>. Following a call for proposals finalized in February 2016 with an allocated budget of 50 million Euro, 220 projects were submitted on-line totalling a requested amount of 108.5 million Euro, out of which 140 projects amounting to 79.1 million Euro were selected.

As regards **the sustainable development of tourism** through the 2014-2020 ERDF<sup>96</sup>, within the total allocated budget of 536.58 million Lei, projects are being financed for the development of tourist infrastructure in tourist and spa resorts (road infrastructure, transport, etc.), arranging natural tourist objectives of public utility, as well as the creation/modernization of related infrastructure, the development of small-scale public infrastructures for capitalizing on tourist attractions, as well as marketing and tourism activities for promotion of the financed objective. In the 2016 call for proposals, 41 projects were submitted for a total of 596 million Lei, of which 13 projects amounting to total of 170 million Lei were selected.

For **the better management of mineral resources** *the reorganization and the efficiency of the mining industry* is envisaged in order to ensure an efficient use of the mineral resources, to reduce the impact of the sector on the environment and increase productivity thereof. In the Q4/2017, MEc will submit for Government approval the draft *Mining Strategy* which currently is under public debate and in Q3/2017 the draft *Law on the amendment of the mining Law No 85/2003* will be submitted for approval.

In order to **create the critical mass of active SMEs** and their involvement in local/regional economies, including in rural areas, *the development of support services to stimulate entrepreneurship and creativity among SMEs* is supported. To 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 2014-2020 EAFRD funding. In February 2017, through the 2014-2020 ROP, a public consultation was launched on the Applicant's guide on *supporting investment in the development of business incubators*. The total budget allocated under the 2014-2020 ROP is 529.4 million Lei and the non-financial support of 140 SMEs is estimated (the first call for proposals will be launched in Q2/2017). As regards the *development of entrepreneurial skills and the internationalization of SMEs*, the implementation of the *Romania HUB Programme* continues, and from May 2017 the *Internationalization Programme of Romanian SMEs* (approved by GEO No 10/2017) will be operational.

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

In the field of **energy**, *Romanian Energy Strategy 2016-2030 with an outlook to 2050* was drafted following the public consultation process which was held late 2016. In the next stage, the draft strategy will be subject to the Strategic Environmental Assessment procedure and subsequently the adoption procedures will be initiated.

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<sup>95</sup> COP 2014-2020, Action 2.2.1 Supporting the growth of added value generated by the ICT sector and innovation in the field through the development of clusters

<sup>96</sup> 2014-2020 ROP, Priority Axis 7- Diversification of local economies through the sustainable development of tourism, 7.1 Investments in the development of tourism infrastructure

The new energy strategy will pursue the achievement of the EU's energy and environmental policy objectives which are undertaken by Romania too, taking into account the following national goals: ensuring security of energy supply and economic and social development in the context of a future growing demand for energy; environmental protection by containing the climate change effects and ensuring economic competitiveness by maintaining an affordable price to end consumers.

Regarding the natural gas, on 20 October 2016, the *Law No 185/2016 on certain measures necessary for the implementation of national importance projects in the field of natural gas applicable to projects of common interest in the field of natural gas* was adopted.<sup>97</sup>

The Government of Romania continues its efforts to implement the Projects of Common Interest (PCIs). In this regard, the operationalization of the Competent Authority for Joint Interest Projects (ACPIC) has started, its scope being established and approved by the Minister of Energy's Order No 614/2016 on the approval of the organizational and operational rules and regulations of the Ministry of Energy; six vacancies have been already occupied in the ACPIC.

In the field of *natural gas cross-border interconnections*, on 27 February 2016, ME issued the building permit for the BRUA gas pipeline project (stage I)<sup>98</sup>. Once implemented, the BRUA (Bulgaria - Romania - Hungary - Austria) project will make its contribution to: stimulating competition on the domestic gas market; diversifying the structure of the energy market; removing the existing congestion in Romania's national gas transmission system by ensuring adequate transport capacities between Romania (Giurgiu) and Hungary (Csanádpalota); developing the National Transport System; increasing the transport potential of existing interconnections (thus contributing to improving connectivity and flexibility between transport systems in Hungary, Romania and Bulgaria); strengthening the Romania's role as a country transited by major energy transport corridors for the Central and Western Europe energy markets; securing access to major Caspian gas reserves and other sources; creating new jobs; stimulating related industries by involving Romanian companies supplying products and services.

The gas interconnection project between Romania and Bulgaria was completed in November 2016. From 2020, after the completion of the BRUA project, a gas flow between Romania-Bulgaria would be ensured at the maximum interconnection capacity of 1.5 billion m<sup>3</sup>/year. Work continues on projects for interconnection of *national electricity and natural gas transmission systems* with the Republic of Moldova and other neighbouring countries (i.e. Serbia, Ukraine, and Hungary).

In order to *modernize the energy infrastructure*, the development of the underground natural gas storage infrastructure is envisaged through the implementation of three projects<sup>99</sup> aiming inter alia at: increasing the security of gas supply in Romania and Southeast Europe; increasing daily extraction capacity and flexibility in the supply of natural gas; reducing dependency on natural gas imports during cold season; ensuring Romania's input to regional and European energy security; stimulating the competition by increasing storage capacity in the Romanian private sector, etc.

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<sup>97</sup> The law establishes some measures that are necessary for the implementation of projects of national importance in the field of natural gas and focuses on the following issues: definition of terms, regulation of land rights established and recognized in favour of the project initiator, preliminary measures for the identification of the buildings affected by the construction works, and the presence and operation of the pipeline(s) which is(are) subject(s) of projects of national importance in the field of natural gas, the procedure for enforcement of the rights regulated by this law, as well as the procedure applicable to the works.

<sup>98</sup> The BRUA project is split, according to CESEC's recommendation, into two stages: Stage 1 - *Development of the National Gas Transmission System on the territory of Romania on the corridor of the Bulgaria - Romania - Hungary - Austria pipeline, the Gas Station Podisor - Horia and 3 new compressor stations (i.e. Jupa, Bibesti and Podisor)*; Stage 2 - *Expansion of transport capacity from Romania to Hungary up to 4.4 billion m<sup>3</sup>/a*. It is also part of the National Development Plan for the National Gas Transmission System 2014-2023, approved by ANRE, under item 2.1. "Development on the territory of Romania of the National Gas Transmission System on Bulgaria - Romania - Hungary - Austria corridor"

<sup>99</sup> Included on the 2<sup>nd</sup> list of PCIs adopted by the European Commission in November 2015

In order to *increase the competition in the energy sector*, the implementation of the phasing out roadmap for regulated prices for both the electricity and natural gas sectors shall continue to apply. Non-household consumers have no longer benefited from regulated prices for electricity from 1 January 2014, and for natural gas from 1 January 2015. As regards the household electricity consumers, the phasing out roadmap will end on 31 December 2017. Starting with 1 January 2017 the percentage of electricity purchased from the competitive market for household customers is 80%. For household gas consumers, according to the provisions of *GD No 488/2015*<sup>100</sup>, the phasing out road map for regulated prices will end in 2021. At the end of 2016, the share of final eligible customers in total final consumer gas consumption was 67%<sup>101</sup>. By *GEO No 64/2016, amending and supplementing the Law on Electricity and Natural Gas No 123/2012*, the Romanian Government has established a clear and transparent mechanism for natural gas price setting on the Romanian market and also eliminated any potential legislative limitations on natural gas exports and market operators' access to natural gas. Moreover the necessary mechanisms were put in place to establish a competitive, transparent and non-discriminatory framework for the natural gas transactions on the domestic market, while being set the prerequisites for the capitalization of natural gas in Romania, at real market prices, based on demand and supply. *GEO No 64/2016* is currently under parliamentary approval procedure.

In the **transport sector**, efforts will focus on implementing the priorities established in the *General Transport Master Plan (GTMP)*<sup>102</sup>, including by ensuring the prerequisites for increasing the absorption of the European funds available for the transport sector and by rendering more efficient the investments in infrastructure.

To this end, the *performance contracts with the transport infrastructure operators* (that set out the rights and obligations of the beneficiaries of structural funds on submitting financing applications and reimbursement claims and on monitoring the transport infrastructure projects, as well as the result indicators reflecting the use of structural funds) will be signed in Q2/2017. *The Authority for Railway Reform*<sup>103</sup> will become functional starting Q3/2017 and its activity will focus on restructuring the national rail network and the recovery of the rail transport by increasing its competitiveness on the land transport market and by tailoring it within the limits of the financial sustainability. Additional details to be found in Annex No 1.

In order to *improve the management capacity of European funds and the preparation and implementation of major transport infrastructure projects*, MT will benefit from the expertise provided by EIB through two technical assistance projects<sup>104</sup> aiming at: fulfilling the ex-ante conditionalities applicable to LIOP; implementing the lessons learned from the previous operational programmes in order to maximize the absorption of EU funds, both in the preparation and implementation phase and in rendering the investment operational; consolidating the capacity of the Intermediary Body for Transport (IBT) to implement and monitor LIOP; improve the capacity of the beneficiaries from the transport sector to implement projects financed from European funds.

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<sup>100</sup> On setting the purchase price of natural gas from domestic production for household customers and producers of heat only for the quantities of natural gas used for the production of heat in cogeneration plants and in thermal power stations for the consumption of the population during 1 July 2015-30 June 2021

<sup>101</sup> The percentage is similar with the one from the previous year as most industrial consumers changed their supplier, while the remaining 33% are domestic consumers and heat producers

<sup>102</sup> GD No 666/2016 on the approval of the strategic document General Transport Master Plan of Romania

<sup>103</sup> GEO No 62/2016 on establishment of the Authority for Railway Reform (ARF) and GD No 98/2017 on the organization and functioning of ARF

<sup>104</sup> Based on the *Implementation Agreement for technical assistance to IBT under the Project Advisory Support Service Agreement (PASSA)*, signed on 9 September 2016 between MDRAPFE and MT (implementation period of the agreement – 42 months), IBT will benefit from the expertise provided by EIB under two projects 1. Technical assistance related to the management of LIOP for the beneficiaries of ESIF allocated for transport and environment and 2. Technical assistance for the MA LIOP and the Intermediary Bodies (under the PASSA Agreement between MDRAPFE and EIB, based on the Memorandum of Understanding on Support for Project Implementation, between the Government of Romania and EIB, approved by GD No 168/2016)

Furthermore, to enhance the capacity of strategic prioritization, preparation and selection of public investment projects, MT is collaborating with MFP in carrying out a pilot exercise to rationalize the public investment portfolio in the transport sector (additional details in sub-chapter 3.1 *Fiscal and budgetary policy*) and, in order to shorten the period for signing the public procurement contracts and to accelerate the implementation of transport infrastructure projects, MT will contribute to the elaboration of procedures corresponding to its area of activity, supporting ANAP' efforts to simplify public procurement procedures.

As regards the *development of infrastructure on all transport modes*<sup>105</sup>, ESIF supports investments for building/ upgrading the TEN-T road and rail networks, as well as for developing a multimodal, high-quality, sustainable and efficient transport system. During 2017, 32 phased projects implemented under LIOP will be submitted to EC (two projects as new projects for evaluation and 30 projects through notification of phasing), the reimbursement claims being estimated at 730 million Euro. Following the calls for proposals launched in 2016, one financing contract for the development of airport infrastructure was signed in Q1/2017. Additional details to be found in Annex No 1.

In order to *stimulate regional mobility*<sup>106</sup> aiming at reducing the cost of passengers and freight transport and promoting the access to regional markets, ERDF will continue financing the investment projects for upgrading and rehabilitation of the county road network that ensures direct or indirect connectivity with TEN-T, for the construction/modernization of ring roads having a county road status and being located on the route of the respective county road and the investments in road safety. For the first call of proposals, 17 of the 43 projects submitted were under evaluation procedure. Within the second call of proposals (submission deadline -July 2017), 14 projects were submitted. Additional details to be found in Annex No 1.

### 3.3.3. Increasing the performances of public enterprises

In 2016, in order to **support the improvement of the monitoring process regarding the implementation of the provisions of GEO No 109/2011 on corporate governance of public enterprises, as amended and supplemented**, the legal framework on **the principles and concepts of corporate governance** was strengthened, respectively by the Law No 111/2016 approving GEO No 109/2011 on corporate governance of Public Enterprises (PEs) as amended and supplemented and GD No 722/2016 on the approval of *Methodological norms for the application of some provisions of GEO No 109/2011 on corporate governance of PEs*<sup>107</sup>.

In November 2016, the *Annual Report for 2015 on PEs activity*<sup>108</sup> was published on MFP website. In December 2016, the pilot project on the mechanism for monitoring the implementation of corporate governance and PEs performance was finalized. The main results of the project resulted in: *regulating the procedure for monitoring the implementation of GEO No 109/2011* (Minister of Public Finance's Order No 2874/2016), elaboration and dissemination of the *Guide on integrated management of State shareholdings in the PEs*<sup>109</sup>, and the

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<sup>105</sup> LIOP, Priority Axis 1 – Improving mobility through the development of the TEN-T network and metro system and Priority Axes 2 – development of a multimodal, high-quality, sustainable and efficient transport system

<sup>106</sup> ROP, Investment Priority 6.1 – *Enhancing regional mobility by connecting secondary and tertiary nodes to TEN-T infrastructure, including multi-modal nodes*

<sup>107</sup> GD contains provisions that are referring to: the procedures for setting up the selection criteria for new management bodies in PE, measures to avoid confusion and disparate interpretations of some provisions of the GEO No 109/2011 and the methodology for the establishing of the financial and non-financial indicators and the variable remuneration component of the managers and directors

<sup>108</sup> The Report contains two sections: Section I – Annual Report for 2015 regarding the PEs subordinated to central administration in which the State holds a majority or full ownership activity; Section II – Annual Report for 2015 regarding the PEs subordinated to local administration units in which the State holds a majority or full ownership activity; The Report is published on MFP website:

[http://discutii.mfinante.ro/static/10/Mfp/guvernanta/RAPORTANUAL2015PRIVINDACTIVITATEAIP\\_06122016.pdf](http://discutii.mfinante.ro/static/10/Mfp/guvernanta/RAPORTANUAL2015PRIVINDACTIVITATEAIP_06122016.pdf)

<sup>109</sup> Published on MFP website: <http://www.mfinante.ro/informatiiGuvernanta.html?pagina=domenii>

implementation of the monitoring procedure for three selected PEs, namely: Conpet, Transgaz and Tarom.

To **strengthen financial discipline of the PEs at the level of some economic operators**, new provisions and clarifications were issued on the deadlines for submitting the execution of annual budgets of revenues and expenditures of the R&D units defined according to GO No 57/2002 and on the approval or rectification of PEs' annual budgets of revenues and expenditures through GO No 11/2016<sup>110</sup> and by GEO No 53/2016<sup>111</sup> provisions were introduced that *the participation of the State representatives in the General Shareholders Meeting is no longer remunerated*, being considered a job task.

**The selection of the professional management at PEs level** continues. In 2016, the actions of selecting the professional management in priority areas: energy, mineral resources and communications were monitored. The professional management was selected for 7 PEs<sup>112</sup>. The service contract for the selection of the professional management at SPEEH Hidroelectrica SA under the ME authority is in progress and the procedures in the case of CNTEE Transelectrica SA and SN Transgaz SA subordinated to MEc, as well as in the case of SN Radiocomunicatii SA and CN Posta Romana SA subordinated to MCSI will be re-launched.

In order to enforce the provisions of *Law No 111/2016 on corporate governance*, **the consolidation/creation, within tutelary authorities, of structures responsible for the management of PEs has started**, having as main objectives: to ensure transparency and integrity in the application of the corporate governance principles at PEs level, to monitor the subordinated PEs operational results, and to ensure a stable and efficient management thereof. Thus, *the Directorate for Corporate Governance* was established within MT starting with Q1/2017 and it will become operational no later than the end of 2017. Moreover at ME level, the number of staff of the General Directorate for Privatization and Administration of State Shareholdings, respectively of the Administration of Participation Division, which was organized as offices level, was supplemented.

In 2016, the number of DPAPS<sup>113</sup> staff which is shareholder of the companies under the MEc' authority was supplemented. At the DPAPS level it was laid the basis for providing an internal control system and adequate risk management and for high quality internal and external audit, and at the ME level, the standard web architecture containing basic information of the subordinated PE was developed and implemented by 11 enterprises.

During 2016, it was intended to improve the financial performance of active PEs by reducing losses and outstanding payments, and by restructuring, reorganizing and privatizing them, and enforcing legal provisions on insolvency/liquidation/bankruptcy. At the end of 2016, on the basis of preliminary data transmitted by active PEs to the central administration and monitored at MFP level, payments amounting to 3.50 billion Lei were overdue, decreasing as compared to 2015 by 0.15 billion Lei. The gross profit amounted to 6.51 billion Lei, increasing by 4.97 billion Lei as compared to 2015. For 2017, further reductions of the outstanding payments of the PEs subordinated to the central administration, with emphasis on reduction by their own efforts, are still foreseen.

In order to increase the economic performance of PEs, the following actions to be taken for starting the restructuring/ reorganization and streamlining the activity of some **PEs from the transport and energy fields, and from the defence industry**, are foreseen:

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<sup>110</sup> On amending and supplementing GO No 26/2013 on the strengthening of the financial discipline at the level of some economic operators where the state or the administrative-territorial units are sole or majority shareholders or directly or indirectly hold a majority shareholding

<sup>111</sup> GEO on amending and supplementing GO No 26/2013 above, approved in the Government meeting on 14 September 2016. This provision does not apply to State representatives in PEs boards.

<sup>112</sup> Plafar SA, SN Sare SA, SC CupruMin, SN a Apelor Minerale SA and SC Smart SA under MEc authority and Complexul Energetic Oltenia SA and Societatea de Administrare a Participatiilor Statului under ME authority.

<sup>113</sup> Department for Privatization and State Ownership Administration was reorganised according to GEO No 40/2016.

- *In the field of transport: the institutional reorganization of the Romanian National Company of Road Infrastructure Management (CNAIR), by separating the administration of highways from the one of the national roads, namely the establishment of the National Company of Motorways and the National Company of Roads; rendering more efficient the activity of TAROM, by reorganizing the commercial and the technical departments, improving distribution and starting the procedures for purchasing (in leasing) of two modern aircrafts with low fuel consumption and low phonic pollution (estimated budget – 21.6 million Lei);*
- *In the field of energy: revision of the Restructuring, Reorganization and Efficiency Plan 2016-2020 of the Oltenia Power Complex, approved in December 2016;*
- *In the field of defence industry: elaboration, by the end of 2017, of the restructuring programme of CN ROMARM and its subsidiaries.*

For the efficient administration and valorisation of the State shareholdings two draft laws will be approved by the Government by the end of 2017, namely:

- The first one is aimed at strengthening the position of the state by granting it the possibility that by means of central public authorities acting as public institutions involved, buying shares in strategic interest companies where it holds a minimum of 51% of the shares.
- The second one will regulate in a coherent and unitary manner for all institutions involved in the management, restructuring, reorganization and shareholdings valorisation activities of the economic operators under their authority, aiming at optimizing such processes.

## 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 2017*.

More details on progress in implementing reform measures are to be found in **Annex 3**.

### 4.1. Employment

In the year 2016, according to NIS, **the employment rate age group 20-64 peaked at 66.3%**, still at a distance of 3.7 percentage points to the national Europe 2020 target.

#### Key actions:

- ✓ **Modernizing the labour market institutions**
- ✓ **Improving the labour mobility and reducing territorial employment disparities**
- ✓ **Integrating NEETs young people into the labour market**
- ✓ **Increasing employment quality in rural area**

The amendments of the *legislation on unemployment insurance system*<sup>114</sup> aim at improving the domestic labour mobility. The activation bonus and the increase of the amounts of job commitment and sign-on bonuses will better mobilize the unemployed and jobseekers to labour market. The increase of the subsidy amount will boost the employers to offer jobs to young graduates, unemployed aged 45+, disabled persons, single parents, older workers, NEETs young people<sup>115</sup>, and long-term unemployed. In January 2017, the Government introduced a new measure – the relocation bonus (rent and utility payment) paid to the unemployed (enrolled in ANOFM database) who are hired at least 12 months in a town located more than 50 km from their domicile or residence, and consequently changing their domicile or residence.

In 2017, investments in companies will be carried out in order to **create jobs and reduce regional disparities**<sup>116</sup> (details on progresses to be found in Annex 1).

A call for proposals dedicated to **modernizing the labour market institutions**<sup>117</sup> will benefit by about 118.29 million Euro funded under 2014-2020 ESF. Investments will be carried out in order to **integrate jobseekers and inactive persons into the labour market**<sup>118</sup> and to create new companies in less developed regions<sup>119</sup>. *Start-up Nation* programme (87.75 million Euro allocated through 2014 – 2020 ESF) aiming at developing SMEs with less than one-year business history, and a call for proposals (111.37 million Euro allocated through 2014 – 2020 ESF) that will fund the financing instruments dedicated to increasing the survival opportunities of the new established SMEs will be both launched.

In order to reduce territorial employment disparities, mobility schemes, apprenticeship and counselling programmes and traineeships for higher education graduates, activation incentives

<sup>114</sup> GEO No 60/2016 on amending and supplementing the Law No 76/2002 on unemployment insurance system and employment stimulation and GEO No 6/2017 on amending and supplementing some pieces of legislation and on establishing some measures on performing investments financed under public funds

<sup>115</sup> Young persons (age group 15-24) not in employment, education or training

<sup>116</sup> GD No 332/2014 on establishing a state aid scheme to support investments promoting regional development by creating jobs

<sup>117</sup> 2014-2020 HCOP, PA 3, Jobs for all, IP 8vii - Modernizing the labour market institutions, such as public and private employment services and improving the matching of labour market needs, including through actions that enhance transnational labour mobility as well as through mobility schemes and better cooperation between institutions and relevant stakeholders

<sup>118</sup> 2014-2020 HCOP, PA 3, Jobs for all, IP 8iii - Self employment, entrepreneurship and business creation including innovative micro, small and medium-sized enterprises, call for proposals *Romania Star – up Plus* and *Diaspora Start up*

<sup>119</sup> North – East, North – West, South – West Oltenia, Centre, South – East, South – Muntenia

and employers' subsidies<sup>120</sup> are funded, and therefore **the (re)integration into the labour market of unemployed, including the long-term unemployed, inactive persons, women, low skilled persons, disabled persons, persons living in rural area and Roma people** will be encouraged. In addition, to facilitate **women's participation into the labour market**, funds will be allocated to create the institutional framework to render operational crèches and to provide after school services.

**Training programmes, assessment and validation of informal and non-formal learning**<sup>121</sup> for employees, unemployed, inactive persons, including persons living in rural areas and Roma people will be funded with 245.52 million Euro under 2014-2020 ESF. Others 173.96 million Euro will be allocated to **adaptation of workers, enterprises, and entrepreneurs to change** in high-growth economic sectors, and to **outplacement** services provided within companies restructuring<sup>122</sup>.

Amending the *legislation on apprenticeship and traineeship for higher education graduates*<sup>123</sup> aims at increasing the attractiveness of these professional pathways, both to jobseekers and to employers. The employers will be given an increased subsidy, funded under Unemployment Insurances Budget (BAS), to conclude an apprenticeship contract – the equivalent of 250 Euro per month – for a period from one up to three years, depending on the job qualification for which the apprenticeship is delivered, or a traineeship contract – the equivalent of 300 Euro per month – for a period of six months.

Another Government's initiative refers to the *amendment of legislation on unemployment insurance system*<sup>124</sup> in order to establish:

- The *First wage* programme - the beneficiaries are young higher education graduates of the accredited universities (a gross wage of 2,500 Lei is provided for three years, and the employers are subsidised with 50% of the salary expense provided that they maintain the labour contract for five years);
- A bonus (single amount based on the social reference index) aiming at encouraging the young graduates who get employed within 60 days after their graduation to enrol in ANOFM database, as an alternative to the elimination of unemployment benefits.

**Measures dedicated to NEETs young persons**<sup>125</sup> are focussed on apprenticeship and counselling programmes, mobility schemes (job commitment and sign-on bonuses), activation bonuses and employers' subsidies. In addition, traineeships for higher education graduates and entrepreneurship development, second chance programmes, NEETs training and assessment and validation of skills acquired in informal and non-formal contexts are financed. The project INTESPO will facilitate the **identification of NEETs young inactive people** who are not enrolled in ANOFM database; the focus is put on low skilled persons, Roma people, and young persons living in rural area, and on those that have failed to be socially integrated. A support network will be created in close collaboration to the social assistance and school counsellors, so that around 160,000 NEETs young persons will be enrolled in the agency database.

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<sup>120</sup> 2014-2020 HCOP, PA 3, Jobs for all, IP 8i - Access to employment for jobseekers and inactive people, including the long-term unemployed and people far from the labour market, also through local employment initiatives and support for labour mobility

<sup>121</sup> 2014-2020 HCOP, PA 3, Job for all and PA 6 Education and skills, IP 10iii - Enhancing equal access to lifelong learning for all age groups in formal, non formal and informal settings, upgrading the knowledge, skills and competences of the workforce, and promoting flexible learning pathways including through career guidance and validation of acquired competences

<sup>122</sup> 2014-2020 HCOP, PA 3, Job for all, PI 8v - Adaptation of workers, enterprises and entrepreneurs to change

<sup>123</sup> Law No 279/2005 on apprenticeship at work and Law No 335/2013 on traineeship for higher education graduates, as subsequently amended and supplemented

<sup>124</sup> Law No 76/2002 on unemployment insurance system and employment stimulation

<sup>125</sup> 2014-2020 HCOP, PA 1 Youth Employment Initiative – eligible regions Centre, South-East and South Muntenia, and PA 2 Improving the situation of NEETs young people, IP 8ii Sustainable integration into the labour market of young people, in particular those not in employment, education or training, including young people at risk of social exclusion and young people from marginalized communities, including through the implementation of the Youth Guarantee, SO 1.1, 1.2, 2.1, 2.2.

To **improve the farmers' skills**, a call for proposals *Training of farmers undertaking voluntarily commitments under measure 10–Agri-environment-climate* (financed under 2014-2020 EAFRD) was conducted, so that maximum 18,400 farmers would acquire and/or improve their skills. Another call for proposals *Training of farmers, in particular beneficiaries of Sub-measures 6.1 – Support to set up young farmers* and 6.3 – *Support to develop small farms* aimed at training maximum 10,000 farmers (details on progress made to be found in Annex 3).

In order to **foster the economic diversification in rural areas**, measures addressing the needs of restructuring/modernizing the agriculture sector and developing market-oriented businesses will be further financed under 2014-2020 EARDF. Detailed progresses on implementing measures dedicated to setting up non-agricultural enterprises in rural areas, developing non-agricultural businesses by the existing enterprises/farms, and setting up young farmers are to be found in Annex 3. Given the specific **development needs of the Danube Delta area**, initiatives are funded to help the younger generation stay local and to create new opportunities to integrate people into the labour market. Several calls for proposals for ITI Danube Delta territory were launched in order to: set up non-agricultural enterprises in rural areas (two calls with an overall allocation of 5 million Euro); develop non-agricultural businesses by the existing enterprises/farms (two calls with an overall allocation of 10 million Euro); set up young farmers (a call for proposal with an overall allocation of 10 million Euro).

#### 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); **state of play (2015)** – 0.49% of GDP<sup>126</sup> (0.27% of GDP – public sector and 0.22% of GDP – private sector), up by 0.11 p.p. per total expenses as compared to 2014 (0.05 p.p. for public sector expenditure and 0.06 p.p. for private sector expenditure).

##### Key directions:

- ✓ **Improve the governance and strengthen the capacity and performance of the RDI system**
- ✓ **Stimulate private investments in RDI**
- ✓ **Consolidate the European/international dimension of RDI**

In 2017, to **improve the governance of the RDI** system with focus on a better coordination at both national and regional level, *the National Council for Science, Technology and Innovation Policy (CNPSTI) will be established* under the Prime Minister and will ensure the coordination and correlation of the RDI policy with all sectoral development policies at national and regional level. Aspects related to the elaboration of the piece of legislation for the establishment of CNPSTI and the Regulation on Council's organization and functioning were under discussion in Q1/2017.

In order to **improve the MCI's capacity to better manage the technology transfer policy**, according to GD No 13/2017 on the organization and functioning of MCI, the General Directorate RDI Transfer and Infrastructure has been established having in subordination the Directorate for Technology Transfer and Innovation. In addition, the *setting-up and functioning of the National Council for Technology Transfer and Innovation (CNTTI)* as consultative body of MCI is envisaged, through the reorganization of the National Council for Innovation and Entrepreneurship. CNTTI aims at providing the consultation framework for the stimulation and absorption of innovation and for facilitating technology transfer in order to capitalize research results from the R&D units in the economic environment. The draft *Order for setting up CNTTI*

<sup>126</sup> Data published by INS in the *Communication No 299/16 November 2016 on the R&D activity in 2015*

is intended to be approved by the end of Q2/2017 so that the Council becomes operational in Q3/2017.

In 2017, in order to **strengthen the capacity and performances of RDI system**, measures aiming at both the development of a high performance material base for research and the creation of scientific and technology competence centres in the smart specialization fields will continue to be financed from the state budget (through the National Plan for RDI 2015-2020/ NP III) and ERDF. These measures refer to the *development of large R&D infrastructures*<sup>127</sup> and *human resources for research*<sup>128</sup>, including by *attracting high skilled researchers from abroad*<sup>129</sup> and by *promoting the access to scientific research literature for all research organisations*<sup>130</sup>. Among the results achieved by Q1/2017, the following can be mentioned: 14 research fellowships and 47 mobility projects were financed, the publication of 1,366 scientific articles was awarded, 51 projects led by experts from abroad and 25 projects aimed at creating or upgrading public and private R&D centres and labs were contracted, etc. Additional details to be found in Annex No 3.

The project for the *development of the administrative capacity of MCI to implement certain actions provided in the National Strategy for RDI 2014-2020 (NSRDI 2020)*<sup>131</sup> will continue to be implemented in 2017. The project has as main objectives the development of a multiannual plan prioritizing investments in R&D infrastructure, making operational the monitoring mechanism of NSRDI (including the mechanism for strategic orientation), and the development of an integrated platform for research. In order to update the National Roadmap on Research Infrastructure Development Priorities by Q4/2017, the Romanian Committee for Research Infrastructure (CRIC) was reactivated in 2016. By Q1/2017, CRIC completed the *Strategy Report on Research Infrastructures in Romania* and elaborated the methodology for developing the roadmap. Additional details to be found in Annex No 3.

To **stimulate private investments in RDI, fiscal facilities for R&D** will continue to be promoted. In addition to the wage tax exemption for RDI activities<sup>132</sup> and the additional tax deduction of 50% for R&D expenditure of enterprises in establishing the taxable profit<sup>133</sup>, a *10 years profit tax exemption for taxpayers engaged exclusively in RDI activities* is envisaged<sup>134</sup>. The state aid scheme for this facility is to be approved in Q3/2017.

ERDF supports *stimulating enterprises demand for innovation*<sup>135</sup> by financing RDI projects developed by innovative enterprises (newly-created enterprises, start-ups or spin-offs), individually or in partnership with R&D institutes/universities. Out of the 38 projects selected for financing in 2016, 36 were contracted by Q1/2017 and the call for proposals for innovative technological projects is to be launched in Q2/2017.

Projects for *creating public-private partnerships for R&D and for knowledge transfer* will continue to be financed in 2017. By the end of Q1/2017, 47 projects to facilitate business access

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<sup>127</sup> COP, Action 1.1.1 – Large R&D infrastructures (Applicant Guide sections: A – *Investments for R&D departments in enterprises*; B – *Innovative clusters and F – Investment projects for public R&D institutions/ universities*)

<sup>128</sup> NP III, Programme 1 – Develop the national R&D system: Sub-programme 1.1. – *Human resources*

<sup>129</sup> COP, Action 1.1.4 (Applicant Guide, section E) – *Attract high skilled researchers from abroad*

<sup>130</sup> COP, Action 1.1.2 – *Developing networks of R&D centres, nationally coordinated and linked with European and international R&D networks and ensuring access for researchers to European and international scientific publications and data bases*

<sup>131</sup> 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)

<sup>132</sup> The Common Order of the Minister of Economy No 899/2016, Minister of Finance No 2018/2016, Minister of Education No 4947/2016, Minister of Labour No 1840/2016 and Minister of Rural development No 906/2016 on employment in applied R&D and/ or technological development

<sup>133</sup> The Common Order of the Minister of Finance No 1056/2016 and of the Minister of Education No 4435/2016 on the approval of Rules regarding the deductions for R&D expenses in establishing taxable profit

<sup>134</sup> According to GEO No 3/2017 amending and supplementing the Fiscal Code

<sup>135</sup> COP, Action 1.2.1 – *Stimulating enterprises demand for innovation through RDI projects* (Applicant Guide, sections C – *Projects of innovative start-ups and spin-offs* and D – *Projects of newly-created innovative enterprises*)

to the portfolio of activities and material and human resources of R&D organizations were contracted for funding from ERDF<sup>136</sup> and 182 projects for the production and approval of prototypes/pilot plants and for assimilation and development of modern technologies in enterprises were contracted under NP III<sup>137</sup>.

As regards the *promotion of technology transfer*, the call for proposals (financed from ERDF 2014-2020) **for constructing, modernising and extending the infrastructures for innovation and technology transfer**<sup>138</sup> is to be launched by the end of semester 1/2017.

Additional details on progress registered in implementing measures for stimulating private investments in RDI are to be found in Annex No 3.

To **consolidate the European/international dimension of RDI** for a better integration into the *European Research Area*, both the state budget<sup>139</sup> and ERDF<sup>140</sup> will continue funding the following: participation of Romanian researchers in *Horizon 2020*, the implementation of projects for the development of scientific and technological research carried out under bilateral agreements, the partnership with technologically advanced countries, as well as the collaboration within EUREKA/ Eurostars for innovative enterprises, CERN<sup>141</sup> for ensuring access to top scientific results in particle physics and within ESA<sup>142</sup> for access to space technology. Additional details in Annex No 3.

In 2017, the *implementation of the pan-European project Extreme Light Infrastructure – Nuclear Physics (ELI-NP)* will continue with the activities necessary to put the laser and gamma beam systems into operation, as well as with the preparation of the additional construction works approved by the EC for the direct access from Bucharest ring road and the link tunnel between the gamma building and the former decommissioned reactor building.

As regards the *International Centre for Advanced Studies on River-Sea Systems DANUBIUS-RI*, in October 2016, the Government approved the activities required to start the construction of the Romanian infrastructure components (the hub and the data centre), and the activities related to drafting the major project proposal for the financing of these components from ERDF are in progress. In addition, with funding from *Horizon 2020*, the preparatory phase for implementing the project is on-going in order to ensure the legal, financial and technical maturity for the development of DANUBIUS-RI infrastructure.

In 2017, a special attention will be paid to the *pan-European project Advanced Lead Fast Reactor European Demonstrator (ALFRED)*. The implementation of the project<sup>143</sup> will contribute to the development of technologies for the 4<sup>th</sup> generation nuclear reactors in order to minimize the quantities of radioactive waste, to efficiently use of uranium resources and to increase operational safety.

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<sup>136</sup> COP, Action 1.2.3 (Applicant Guide, section G) – Partnership for knowledge transfer

<sup>137</sup> NP 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

<sup>138</sup> ROP, Priority Axis 1 – Promoting technology transfer

<sup>139</sup> NP III, Programme 3 – European and international cooperation, sub-programmes 3.1 – Bilateral/ Multilateral, 3.2 – Horizon 2020, 3.5 – Other European and international initiatives and programmes and 3.6 – Support

<sup>140</sup> COP, section H – Creating synergies with RDI activities of Horizon 2020 and other international programmes

<sup>141</sup> Romania became member of the European Organization for Nuclear Research (CERN) in 2015

<sup>142</sup> European Space Agency

<sup>143</sup> The project is intended to be implemented in international partnership among RATEN-ICN Mioveni – Romania, EU, USA and AIEA Vienna. For preparing the construction of ALFRED demonstrator in Romania, the international consortium FALCON (Fostering Alfred Construction) was established in 2013. Since then, FALCON activities have consisted in: elaborating the conceptual project, defining the security criteria, elaborating the strategic documents (roadmap, implementation plan, socio-economic study, preliminary cost-benefit analysis), identifying the requirements for testing, presentation, verification and validation and elaborating the feasibility studies for some of the experimental facilities needed in the preparatory phase.

### 4.3. Environment and climate change

According to the latest available data<sup>144</sup> from the *National Greenhouse Gas Inventory Report* (NGHGIR), in 2015, related to the base year 1990, **GHG emissions index (excluding LULUCF<sup>145</sup>) is 47.28** (these emissions decreased from **246.27** million tonnes CO<sub>2</sub> equivalent, in 1990, to **116.43** million tonnes CO<sub>2</sub> equivalent, in 2015) and **GHG emissions index (including LULUCF) is 43.27** (these emissions decreased from **226.89** million tonnes CO<sub>2</sub> equivalent, in 1990, to **98.17** million tonnes CO<sub>2</sub> equivalent, in 2015).

In 2015, related to the base year 2005, **GHG emissions index from non-ETS<sup>146</sup> sectors is 103.59<sup>147</sup>** (these emissions increased from **71.34** million tonnes CO<sub>2</sub> equivalent, in 2005, to **73.90** million tonnes CO<sub>2</sub> equivalent, in 2015)

**Historical and forecasted values associated to GHG emissions show that Romania will respect the emissions target under Decision No 406/2009/EC.**

#### 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 environmental quality**

Romania has continued to implement the policies aiming at **building an economy with low greenhouse gases (GHG) emissions** and historical and forecasted values associated to GHG emissions show that Romania will respect its obligations under Decision No 406/2009/EC. One of the main commitments in this respect is implementing the *National Strategy on Climate Change and Low Carbon Economic Growth (CRESC)* and the *National Action Plan 2016-2020 on Climate Change (PNASC)* document approved by GD No 739/2016. A medium and long-term stable investment framework has thus been created, covering in detail the current period up to 2030 and drawing up the roadmap for 2050. To facilitate access to climate change information, the platform for the management of the database and information on climate change ([www.opera-clima.ro](http://www.opera-clima.ro)) was developed. The platform, managed by MM, will be correlated with the European CLIMATE-Adapt platform.

Regarding the **improvement of the administrative capacity of environmental protection authorities**, the MMAP Order No 1825/2016 approved 7 guides drafted by JASPERS for the purpose of carrying out a unified EIA procedure. Seven new guides, covering other activity areas, are being prepared through the SIPOCA code 19 project, funded from ACOP 2014-2020. Also, for the implementation of the second phase of the project "*Professional training of competent environmental authorities in relation to EIA<sup>148</sup> and SEA<sup>149</sup> for 2014-2020*" 13 EIA training sessions and 13 SEA training sessions were held, as well as the training of 392 specialists. As no funds were provided for carrying out these activities in the current year, the signing of the contract was postponed for the end of Q1/2017.

<sup>144</sup> Data supplied by MM, according to the latest version of the National Greenhouse Gas Inventory Report (NGHGIR), drafted by Romania in **March 2017, for the period 1989-2015**.

<sup>145</sup> LULUCF (Land Use, Land-Use Change and Forestry)

<sup>146</sup> Sectors not covered by the *European Union Emission Trading Scheme - EU ETS*

<sup>147</sup> 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 CO<sub>2</sub> equivalent

<sup>148</sup> EIA (Environmental Impact Assessment)

<sup>149</sup> SEA (Strategic Environmental Assessment)

Romania continues the measures to **reduce GHG emissions in the energy sector** and to stimulate the production of energy from clean sources, through the financing under the LIOP Priority Axis 7 of integrated district heating projects, including phased heating projects, which ensure the continuation of approved investments in the previous programming period, through the Environment SOP. 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, inter alia, projects *to increase safety and improve environmental conditions for all transport modes as well as those for increasing the sustainable use of airports*. Also, the Environment Fund finances programmes to install alternative fuel infrastructure and programmes to encourage the decommissioning of pollutant cars (*the “RABLA” Programme*) and the procurement of clean road transport vehicles (*the “RABLA PLUS” Programme*).

In order to **mitigate the effects of climate change**, in 2016, afforestation works on degraded lands and creation of green spaces in urban areas continued. Thus, between January 2016 and March 2017, AFM financed the planting of saplings on 146 hectares of degraded land with 1.6 million Lei, another 1.3 million Lei being used for plantations maintenance works and 6.8 million Lei for the completion of 21 projects of creation/rehabilitation of green spaces in urban areas. The Forestry Guards implemented afforestation works on 450 hectares of degraded land, using 8.1 million Lei (1.7 million Lei from the state budget and 6.4 million Lei from the amelioration fund). The National Forests Administration – RNP Romsilva has carried out forest regeneration works on the last 13 hectares of land owned and requiring the execution of 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**. A particularly important programming document in this area is the *National Waste Management Plan* (PNGD), which also includes the *National Waste Prevention Plan* (PNPGD). Following the reconsideration of the municipal waste management alternatives needed to be developed within the PNGD, MM sent to the service provider the decision to develop the alternative 2 within the PNGD, which includes, besides all the other necessary installations, three municipal waste incineration plants with energy recovery. The consultant has begun the document reviewing to develop the alternative abovementioned. The first PNGD draft is scheduled for the first half of April 2017, after which the SEA procedure will start, being estimated to last approximately 6 months, with the final version of the PNGD being approved by GD in October-November 2017. Phased projects as well as new projects for developing integrated waste management systems or aiming at the development of high energy efficiency cogeneration plants are funded through LIOP.

The JASPERS study titled *Economic Tools for Increasing Recycling and Deviation of Waste from Storage in Romania*, developed under the project *Evaluation of the impact of different economic instruments on the quantities of recycled/recovered and deviated waste from storage in Romania* resulted in new economic instruments which can lead to improved collection and recycling of waste and which are to be included in national legislation, complementary to already existing economic instruments, such as: the contribution of 2 Lei/kg owed by economic operators for non-fulfilment of recycling targets including recycling for packaging waste, worn tires; the eco-fee of 0.1 Lei for "thin bags"; the 100 Lei/ton penalty applied to the public local administration for not reducing the amount of landfilled waste by 15% compared to the previous year; Extended Producer Responsibility Schemes (EPRs) applied for specific waste streams like packaging waste, WEEE and waste batteries and accumulators is functional, the *Pay as you throw* (PAYT) instrument can be applied by the public local administration from the entry into force, in October 2016, of the GEO No 68/2016 amending and supplementing Law no. 211/2011 on waste and from 1 January 2017 the storage fee for non-hazardous waste and inert waste (80 Lei/tonne) entered into force.

**The development of environment infrastructure** requires major investments for extending of water and waste water networks, the construction and rehabilitation of sewage and treatment plants. Thus, 42 projects (contracted budget of 627.28 million Euro) were submitted for financing through LIOP, out of which 10 projects (amounting 105.76 million Euro) are under administrative and eligibility criteria evaluation 23 projects were approved and the financing contracts were signed, and 9 projects are in the contracting phase. At the national level, at the end of December 2016, 1,611 sewer networks were inventoried, out of which 977 were functional and 634 at different stages of execution. With regard to sewage treatment plants, in December 2016, there were 992 treatment plants, out of which 744 were functional and another 248 new treatment plants were completed, to which the population had not yet been connected or in technological trials or decommissioned. The degree of coverage with wastewater collection systems corresponds to a biological load of approx. 65.41% of the equivalent inhabitants, and the degree of coverage with sewage treatment plants corresponds to a biological load of approx. 60.91% of equivalent inhabitants. The investments made during 2007 - 2016 for the waste water infrastructure amount to approx. 5,506 million Euro, out of which 53.05% for the rehabilitation and extension of sewerage networks and 46.95% for the rehabilitation and construction of new wastewater treatment plants.

Works to improve flood protection systems continue in a fast pace. Complementary, simulation exercises on flood defences and roundtables/seminars at regional and local level to put forward flood risk solutions and to exchange information on best practices for flood risk management were held. Thus, at the end of 2016, the acquisition of automatic stations to improve hydrological forecasts and the installation of rapid intervention centres to limit the damage caused by major risk phenomena were finalized and the first stage of the WATMAN<sup>150</sup> IT programme is in the final testing phase.

Lately, considerable effort has been made to approve the second *National Management Plan for the Romanian Portion of the Danube International Basin* (GD No 859/2016) and the *Management Plan of Flood Risk* (GD No 972/2016). For both plans, electronic reporting in the Water Information System for Europe (WISE) was sent to the EC (via the European Environment Agency - Reportnet) shortly after the plans were published in the Official Journal (December 2016 and February 2017, respectively).

Regarding **nature protection and biodiversity conservation**, Romania is characterized by a large coverage of protected natural areas (54,830 km<sup>2</sup> which occupies about 23% of the country). 265 protected natural areas were assigned to custody and 43 protected natural areas were assigned to administration. In 2016, 54 *Sites of Community Importance* (SCI) and 23 *Special Protection Areas* (SPAs) were newly designated, so that the total number of *Natura 2000* sites increased to 606, including 435 SCIs and 171 SPAs.

In order to improve the quality of the environment and to meet Romania's emission reduction targets set out in the energy-climate change package, AFM introduced the *A Plus Plus Programme* from the Environment Fund. The budget proposed for the first session is 70 million Lei, as vouchers, the sum of which can't exceed 2,000 Lei for a single beneficiary. This programme will contribute to better collection of electric waste but also to increased energy efficiency within households by reducing household energy consumption through the replacing of old appliances (refrigerators, washing machines, air conditioners) with appliances in the upper energy class (energy class A++ and above). Another new programme introduced by the Environment Fund is *Green School - Photovoltaic Systems for Schools in Romania*. The budget proposed for the first session is 180 million Lei, a maximum 45,000 Lei premium paid for an education establishment. The programme aims at equipping Romanian education institutions (except for private educational institutions) with photovoltaic panels for power generation. This

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<sup>150</sup> Information system for integrated water management

will reduce the education institutions direct and indirect costs by lowering the total consumption and replacing conventional energy production with renewable energy.

#### 4.4. Renewable energy sources

According to the **value reported by Romania to EC** through the *Progress Report on the Promotion and Use of Energy from Renewable Sources*, **in 2014, the share of energy from renewable sources in the gross final consumption was of 26.27%, and in 2015, according to Eurostat, the level was 24.8%**. The indicator values for the period 2014-2015 **overpasses practically the European target established for 2020** by the Renewable Energy Directive 2009/28/EC and the national one (i.e. 24%).

**Key directions:**

- ✓ **Improving the efficiency of support systems for the energy from renewable sources**
- ✓ **Financing the investment aiming at the valorisation of renewable energy sources**
- ✓ **Encouraging the production of energy from less exploited renewable sources**

In order to increase the share of renewable energy sources (RES) Romania continues to implement the **green certificates support scheme**.

By 31 December 2016 the electrical power installed in the plants accredited to implement the green certificates promotion system was of about 4,798 MW of which 136 MW were commissioned between 1 January 2016 and 31 December 2016 alone. The *2015 Report on overcompensation analysis of the promotion system of green certificates* was developed and posted on ANRE web page<sup>151</sup>. By the ANRE President's Order No 11/24 February 2017 on the establishment of the mandatory quota for the acquisition of green certificates for the year 2016, the compulsory quota for the acquisition of green certificates by the economic operators for 2016 is set at 0.306 green certificates/MWh corresponding to a final power consumption exempted from the payment of green certificates of 6,845.56 GWh, which is higher than the quota set for 2015 (i.e. 0.278 green certificates/MWh, corresponding to a final power consumption exempted from the payment of green certificates of 3,424.7 GWh).

The introduction of a **new support scheme through regulated prices defined for each technology** is still considered. Beneficiaries of the scheme abovementioned will be small E-RES producers (especially biomass/biogas). The number of these producers is growing but they are facing several difficulties in selling small amounts of green electricity and green certificates on centralized markets. That is why this scheme will be in place and consistent with the new *Guidelines on State Aid for Environmental Protection and Energy* (which came into force on 1 July 2014) concerning the exemption from the direct selling of energy on the market only for power plants under 500 kW. For the elaboration of the scheme abovementioned, ME has summoned a working group consisting of representatives of competent authorities and bodies which identified a series of issues which require in-depth analysis in order to find the optimal solution, such as: *identifying the financing source of the scheme; types of technologies to be funded; carrying out an impact study on how to implement the scheme for power plants with installed power below 500 kW*<sup>152</sup>; *the amount of electricity to be supported; price regulation for the energy produced in such plants; identifying entities that will be able to buy the energy thus*

<sup>151</sup> From the cost-benefit analysis carried out for the year 2015 for each category of E-RES production technology, taking into account the indicators resulting from cost averaging and according to predicted capacities to be put into operation, the report identified a risk of overcompensation only in the case of solar plants. The Romanian version of the report can be found at: <http://www.anre.ro/ro/energie-electrica/legislatie/surse-regenerabile/rapoarte-garantii-certif-verzi>

<sup>152</sup> Taking into account the interferences of its impact with the impact foreseen from the enforcement of the new draft law amending and supplementing the Law No 220/2008

*produced and subsidized, and setting the power ranges for the energy delivered to the National Power System.*

In order to ensure a balance between consumers (by minimizing the financial impact of renewable energy costs on domestic and industrial consumers) and E-RES energy producers, with the aim to observe the national target of 24% by keeping RES capacities operational, the green certificate support scheme for E-RES promotion was modified by **supplementing and amending the Law No 220/2008 on the promotion of energy from renewable sources**. In order to substantiate the proposed amendments in the above mentioned draft law, an impact study was carried out in October 2016 by an independent external consultant. *GEO No 24/2017 on establishing the system for promoting the production of energy from renewable energy sources and amending some normative acts* was approved by the Government on 30 March 2017 and published in the Official Journal of Romania No 224/31 March 2017. The impact of this GEO will materialize by ensuring the stability of the business environment and the further development of investments in E-RES production, while keeping the burden on consumer at an acceptable level.

In order to **modernize and build new capacities for production of electrical and thermal energy**, the support for investments on the exploitation of biomass, hydro (in plants with installed power  $\leq 10$  MW), solar, wind, and biofuels energy resources has continued through SOP IEC<sup>153</sup>. By 1 March 2017, out of a total of 89 contracts signed, 53 projects were completed, 31 contracts were cancelled and 5 other contracts are under cancellation procedure. The amount of financing approved (from the ERDF and the state budget) for the 53 completed projects reaches 1,274.5 billion Lei. As a result of the programmes implemented, an installed electrical power of 192.09 MW and an installed thermal power of 33.08 MW were achieved.

**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). In the 2011-2015 timeframe, approx. 25,000 individuals benefited from funding through the above mentioned programme. In 2016, an amount of 44.5 million Lei was allocated for financing the on-going contracts and 94.7 million Lei for the new contracts. It is estimated that 15,500 individuals have benefited from the total amount allocated for the year 2016. During the call launched between 10 - 24 October 2016, 12,028 applications were submitted totalling a financing request of 72.44 million Lei. Applications are currently under evaluation stage. There have been implemented two projects on **initial investments in geothermal power plants for the production of thermal energy**, and other two other projects aimed at developing two pre-feasibility studies. In 2016, four Romanian professionals were trained in the *Geothermal Training Programme* of the United Nations University in Iceland. This programme ends in April 2017.

Measures to **support the production of energy from less exploited renewable resources** (i.e. biomass, biogas, geothermal) will be financed by ESIF through LIOP. To this end, the *Applicant's Guide for Specific Objective 6.1* has been launched in the second round of public consultation and the draft *GD on the approval of the State Aid Scheme* is under inter-ministerial approval, after obtaining in October 2016 the favourable opinion of the Romanian Competition Council.

To **support investments in the extension and modernization of the electricity distribution networks to take over E-RES**, the call launched under LIOP - PA 6 - *Promoting clean energy and energy efficiency to support a low-carbon economy through IP 4a - Promoting the production and distribution of energy from renewable sources* is open for one year between 17 October 2016 and 17 October 2017.

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<sup>153</sup> PA 4: Increasing energy efficiency and security of supply in the context of combating climate change/KAI 4.2 *Valorisation of renewable energy resources for producing green energy*

#### 4.5. Energy efficiency

According to Eurostat, the **primary energy consumption** was 30.6 Mtoe in 2014 and 31.3 Mtoe in 2015.

**Key directions:**

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

In order to improve the energy efficiency, the **state aid support scheme to promote high efficiency cogeneration** (operational since 1 April 2011) has continued to provide financial support to electricity and heat producers who own or operate high efficiency cogeneration plants achieving fuel savings of at least 10% as against separate production. The total sums granted as a bonus in 2016 reached 0.843 billion Lei and 43 operators benefited from this support scheme.

The works performed under the **District Heating 2006-2015 - Heat and Comfort** programme has contributed to an increased energy efficiency and quality of the public heat supply service. By commissioning the investment objectives, in the 2008-2015 timeframe fuel savings of 29,603 toe/year were achieved.

In order to rehabilitate the centralized heat supply systems of the localities, in the framework of the **District Heating 2006-2020 - Heat and Comfort** programme, for the year 2016, an amount of 75 million Lei was allocated to finance the programme through the Law on State Budget. By 31 March 2016, 18 ATUs submitted applications, 15 of which met the eligibility conditions set out in the *Regulation on the implementation of the District Heating 2006-2015 - Heat and Comfort programme - the rehabilitation component of the centralized heat supply system*.

To **support investments in installations and equipment leading to energy savings** in industrial enterprises, under the SOP IEC, 43 financing contracts were signed of which, by 1 March 2017, 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.

To increase energy efficiency in the field of transport but also in order to **modernize the METROREX rolling stock fleet**, the purchase of 24 new subway trains was completed, and the trains are in operation as of 1 July 2016. Thus the METROREX energy consumption has been reduced by 9%.

For the purpose of **thermal rehabilitation of residential buildings**, under the financing scheme *Supporting investments on increasing the energy efficiency of the multi-storey buildings (KAI 1.2-ROP 2007-2013)*, so far 111 projects have been completed, through which 715 blocks of flats encompassing 41,311 apartments underwent thermal refurbishing works, while the total value of the projects implemented has reached 195.14 million Euro.

The implementation of the *National Programme on increasing the energy efficiency of the multi-storey buildings* has increased the energy efficiency for 3,251 apartments so far.

As regards the package of measures aimed at **Increasing energy efficiency in residential buildings, public buildings and public lighting systems** (co-financed by the ERDF within *ROP 2014-2020*), the call of proposals corresponding to *Operation A-Residential Buildings* was launched, leading to 194 applications totalling 1.53 billion Lei submitted by mid-March 2017, out of which 107 were rejected and the remaining applications are under different evaluation stages. For the Bucharest-Ilfov Development Region, 10 projects (to be funded by ERDF and state budget) totalling 67.34 million Lei are under contracting phase. The second call is

scheduled to take place by the end of April 2017. By 2023, *ROP 2014-2020* will reduce energy consumption in the housing sector by improving classification in terms of energy consumption for 128,758 households.

Regarding *public buildings*, the call for proposals was launched, and the deadline for submitting applications is 28 August 2017, and as respects *public lighting*, the related guide will be launched in public consultation by the end of April 2017.

The update of the *Methodology on calculation of the energy performance of buildings* will be accomplished through a service contract for which the public procurement procedure was completed and the signing and execution of the contract will be completed in the next 12 months.

The *Guide of good practice to achieve the optimal levels, from the point of costs, of the minimum requirements of energy performance for different categories of buildings* will be also elaborated. By means of this guide the calculation method will be explained by describing the investments costs for the modernization and replacement of buildings parts as well as for their heating and cooling systems (already contained in the construction). In this case the public procurement procedure was also completed, and the signing and execution of the contract will be completed in the next 12 months.

Within the *Improvement of energy efficiency of households and communities with low incomes in Romania* programme, financed by *Global Environment Facility* through the UNDP, a database of thermally refurbished buildings was developed and 107 buildings were registered in. Because the original application did not fully meet the database design requirements, in 2016 a new application called *IT System for collecting, managing and archiving data on energy certification, technical expertise and building design* was contracted<sup>154</sup>. Currently, the application is tested in terms of inputting and checking the data and the applicants.

Within the LIOP, for the specific objectives promoting energy efficiency, the following progress was made:

- On 19 August 2016, the call for projects on *monitoring energy consumption for industrial consumers* was launched and one started to receive applications on 17 October 2016. So far, five projects totalling 1,157 million Euro have been submitted being under administrative evaluation and checking for compliance with the eligibility criteria,
- On 9 June 2016, the call for proposals on the *modernization of centralized heat transfer and distribution systems in certain cities* was launched<sup>155</sup>. So far, only one application has been submitted, amounting to 8,785 million Euro, which is under contracting phase, three projects<sup>156</sup> are in different stages of preparation and the district heating project of the Bucharest Municipality is under the inception phase,
- *The applicant's guide for the construction and upgrading of high-efficiency cogeneration power plants (< 8 MWe) on natural gas and biomass* will be published for the second round of public consultation.

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<sup>154</sup> It application will be of the extranet type, with the possibility of registering all energy performance certificates elaborated under the application of the Law No 372/2005, republished. It should be noted that it is designed so that databases containing different information can be created for buildings as well as for energy efficiency.

<sup>155</sup> The call targets 7 pre-identified cities through LIOP (i.e. Oradea, Timisoara, Ramnicu Valcea, Focsani, Iasi, Bacau and Botosani) and a phased project (Bacau).

<sup>156</sup> In Oradea, Iasi and Focsani

## 4.6. Early school leaving

**Early school leaving rate:** national headline target Europe 2020 – 11.3%; current rate – 18.1% (2014), 19.1% (2015) and 18.5% (2016 - provisional data).

### Key directions:

- ✓ **Expanding early education services**
- ✓ **Modernizing school curriculum**
- ✓ **Increasing the quality of school education**
- ✓ **Strengthening technical vocational education and training**
- ✓ **Replicating the prevention and intervention measures for students at risk of early school leaving and consolidating the social package in education**
- ✓ **Improving educational infrastructure**

Regarding the *early education services* (for children aged 0 to 6) MEN has implemented actions to provide clarification in terms of legislation, organization and implementation of early education services as integrated services in order to gradually become universal services. *Regulation on Organising and Functioning of the Preschool education (Minister of Education and Scientific Research Order No 4464/2000)* has been reviewed and discussed with the trade unions and parents associations; further on it will be submitted for public debate and approved by end of Q4/2017. Also, the *Methodology on Organising and Functioning of Nurseries and Early education and care services*<sup>157</sup>, correlated with the *amended version of Regulation on Organising and Functioning of the Preschool education*, was reviewed and it is under internal approval. The normative act<sup>158</sup> for these amendments will be promoted by the end of 2017. In order to support the expanding of early education services, the call for proposals: *Creating the institutional framework for the functioning of nurseries, at national level* will be launched.

*The review of the curriculum for ante-preschool early education* will be made within the non-competitive project: *Ensuring a coherent institutional framework, related to education and personal development of children in ante-preschool, through early education in nurseries*. The project is under development and the deadline for completion is Q2/2017.

*The specific curriculum for early education* was reviewed and it is being piloted in three counties (i.e. Suceava, Bistrita Nasaud, and Arges). It will be submitted for public debate in May 2017 and finalised by Q4/2017. Also, by the end of 2017, it is envisaged that the *Strategy on early education* and the *Strategy on parental education* will be finalised and submitted for public debate.

In order to support the development of early education services the project *Quality Education in nurseries* is expected to access financing via HCOP by the end of Q1/2018.

Regarding the implementation of *Law No 248/2015 on stimulating participation in preschool education of children from disadvantaged families*, the implementing norms were reviewed and the generation on a monthly basis of a beneficiaries list through the *Integrated Education Information System of Romania (SIIR)* was agreed upon. The issue of the age limit (for children of 6 and under 3 attending kindergarten) was clarified.

Efforts regarding the **modernization of school curriculum for lower and upper secondary education, and VET** are still carried out. There have been approved, by Minister of National

<sup>157</sup> The methodology regulates, in particular, the accreditation process of early education services, food ratios calculation, recruitment of teaching staff according to law and the recruitment of non-teaching staff by the local authorities, and the means to promote the *Specific curriculum for early education and care*, etc.

<sup>158</sup> GD amending and completing GD No 1252/2012 on the approval of the Methodology for the organization and functioning of nurseries and other early-pre-school education

Education Order (OMEN): the *Framework curriculum plans for lower-secondary education (gymnasium)* – in April 2016 and the *related curricula* in February 2017. As regards the *Framework plan for upper-secondary education (high-school)*, the curriculum development timetable was delayed, and it is necessary to correlate the activities and deadlines from the *2015-2017 Curriculum development calendar* with those from the *ROSE Project* financed by the WB (the project is the main source of funding for national high school curriculum development). Regarding the developing/amending the *Compulsory national curriculum for lower-secondary education*, a working group was established in order to elaborate, by the end of Q2/2017, a fiche for systemic project to be financed by HCOP. Regarding *vocational education and training (VET)*, a new *Curriculum for the 9<sup>th</sup> grade, technological secondary education and technical and vocational education* has been developed and approved by OMEN No 4457/2016.

To **improve the quality of school education**, MEN continues the implementation of actions regarding the regulatory framework for the recruitment and appointment of managers in schools and school inspectorates<sup>159</sup>. The *Methodology on contest procedure for filling in the management positions in school inspectorates and Teaching-staff resources centres* was approved by OMEN No 5080/2016 and amended by OMEN No 3077/2017. Also, there have been elaborated and debated two GDs on: (i) standards for external evaluation of schools and pre-university study programmes, and (ii) reviewed methodology for external evaluation of pre-university schools. These legislative acts are envisaged to be approved by the end of April 2017. Two OMENs regarding school segregation and the approval of an action plan on combating school segregation and increasing the quality of education were adopted in December 2016.

The *Integrated Education Information System of Romania (SIIR)*<sup>160</sup> is operational and encompasses a data collection and processing mechanism, and a series of modules consisting of reporting sections which lists both data export, and data summarizing and aggregating facilities by vertical. The Methodology on SIIR operating is still under development and will be finalised by Q3/2017.

In order to *strengthen technical vocational education and training, especially the work-based learning component*, the action plan for implementing the *Strategy on education and vocational training in Romania 2016-2020* was approved. The Education Law was amended by GEO No 81/2016 in terms of regulation and implementation of dual vocational education (defining this dual training system contract by MEN and the private companies interested in this type of training). The changes are related to tax facilities granted to companies that are directly involved in supporting students in VET. The concept document *Options in education and training of graduates from 8<sup>th</sup> grade* contains an action plan for the period 2016-2017 and is targeting the introduction of a professional route and establishing a complete training route on a professional-dual system. In order to adapt VET to labour market needs, in 2017-2018 MEN will implement projects to be financed by HCOP under the *Traineeship for students in food, industry and services fields* call.

Also, MEN is implementing, in partnership with CNDIPT and Zurich Pedagogical University, the project<sup>161</sup> *Job Orientation Training in Businesses and Schools*, which provides support for career guidance for approx. 5,000 students in junior high and first years of technical and vocational education, enrolled in 180 schools.

An action plan for 2017 is implemented in order to support the vocational educational training. In 2016-2017 school year, 79,954 pupils are enrolled in vocational education and the practical training is organized by 6,680 economic operators. For the period 2017-2019, it is envisaged the development of some transferable and accessible instruments to partner countries to support

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<sup>159</sup> The methodologies target the stability of the managers and inspectors for a period of four years.

<sup>160</sup> SIIR provides full management service for school education activities from an operational, technical, administrative and strategic perspective.

<sup>161</sup> Implementation period: 2012-2017

technical vocational education and training in the Danube region, by implementing the project *Interreg Danube Transnational Programme “Learning by Doing”*<sup>162</sup>.

During 2017, an *Institutional guide within Erasmus+ project Support for National Reference Point for Quality Assurance in Education and Training* will be developed.

**Strategy on reducing early school leaving** is under implementation, a technical working group being established to coordinate and monitor the results of the strategy. Annual implementation plan for 2017 was developed and assumed by the technical group thereof. The ACOP project *Monitoring and evaluation of ex- ante conditionality strategies in education and improving decision-making by monitoring institutional performance at central and local level* to be implemented with the WB technical assistance will improve MEN institutional capacity in terms of coordinating the implementation, monitoring and evaluation of the measures contained in the MEN strategies on education. This project will be implemented until April 2019.

For the purpose of processing data to produce official statistics in education, including the adoption of a set of procedures on facilitating access and increasing school attainment for children from vulnerable groups, MEN and INS have elaborated and signed a *Memorandum of cooperation*.

With the aim of *replicating the prevention and intervention measures tackling early school leaving and in conjunction with the measures within the Government integrated package to combat poverty*, MEN conducted an evaluation of *School after school* interventions at national level and has reviewed the methodology on organizing this programme. The development of *School after school* programme, and elaboration of procedures regarding identification and monitoring the children outside the education system are both envisaged by implementing a non-competitive project that will be developed by Q4/2017. The project call *Providing School after school services, at national level* will be launched by the end of Q2/ 2017.

In order to **reduce and prevent early school leaving and promoting equal access to qualitative preschool, primary and secondary education** two calls for competitive projects were launched: (i) “*School for all*” – financing integrated socio-educational measures targeting at the same time the family, the school and the community. The call is open to all schools, but disadvantaged ones have priority in the evaluation phase. Under this call, 85 project fiches were submitted and their evaluation will be completed by the end of April 2017; (ii) *Motivated teachers in disadvantaged schools* is a dedicated call for highest degree of disadvantaged schools where many children are at risk of early school leaving and which fail to attract or maintain qualified teachers in schools. The schools targeted therein are also those organized in atypical teaching contexts i.e. in hospitals, for children in detention, remote areas, virtual school, and other forms regulated by law.

The *Second Chance* programme will continue to be implemented, a draft of non – competitive project being already elaborated to extend this programme. For a good implementation of the *Second Chance* programme a national videoconference with school inspectors participation was organized, its main topic being focused on programme rules and monitoring methods.

For **consolidating the social package** in education targeting pupils and students from groups facing particular risks, MEN continues to run annual social programmes to support pupils and students from disadvantaged areas: School supplies<sup>163</sup>, Money for high-school<sup>164</sup>, Euro 200<sup>165</sup>,

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<sup>162</sup> CNDIPT is partner in the project Interreg Danube Transnational Programme “Learning by Doing”

<sup>163</sup> Granting school supplies for pupils enrolled in state primary and low-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. During the school year 2016-2017, there were provided school supplies of 11,839,670 Lei for 55,234 beneficiaries.

<sup>164</sup> Monthly scholarship (allowances) for students from social and economic disadvantaged families in order to continue their studies after completing low-secondary education was approved for 2016-2017 for a number of 44,701 beneficiaries and it amounts to 65,978,676 Lei

<sup>165</sup> Financial aid granted in order to stimulate purchase of personal computer by pupils and students from social and economic disadvantaged areas was granted to a number of 11,997 beneficiaries in 2016 and it amounts to 10.677.0 Lei.

Scholarships, and Reimbursement of transportation costs<sup>166</sup>. MEN will continue to implement annual social programmes from within its *Education and Social Package*, and by Q3/2017 it will consider expanding the pilot programme *Hot meals* for students<sup>167</sup>.

MEN is also implementing the project *Social inclusion by providing integrated services at the community level*, financed by the Norwegian grants scheme and, subsequently, by UNICEF.

In order to support students belonging to groups with special risks, two ministerial orders were adopted jointly by MMJS and MS aimed at approving the *Methodology on the integrated assessment and intervention to enrolment of children with disabilities by the degree of disability, and on educational and vocational guidance of children with special needs* and the *Framework protocol for collaboration to implement an integrated approach to community services needed to prevent social exclusion and combating poverty*. It has also been developed and adopted the *Methodology for providing necessary support for students with learning difficulties*<sup>168</sup>, governing appropriate assessment procedures to identify students' learning disorders and the type of intervention needed.

In order to *stimulate upper secondary graduates to continue their studies in tertiary education* (higher education or other post-secondary education), the implementation of the grant scheme for high schools within the *Romanian Secondary Education Project – ROSE* will continue. In this respect, 60 consultants were selected and trained in order to provide technical assistance to support the elaboration and submission of project proposals. Also the Grants manual for high schools is under development. In this context, the process of facilitating the access of targeted high schools that will participate in the first instalment of the grant scheme and there were launched the recruitment procedures for the consultants that will develop the necessary guidelines for teaching activities to be unrolled in schools and universities.

Procurement procedures were initiated for endowment for the National Assessment and Examination Centre and teacher training institutes. Also, the Grant Manual for Universities i.e. the document setting out the procedures for implementing the projects funded by grants is being developed.

Regarding the **educational infrastructure**, and in order to collect data on investment needs for each school separately, MEN requested school inspectorates to support local authorities in identifying investment works required to obtain the operating permit. School infrastructure rehabilitation and development targeted 234 state educational establishments, including 174 kindergartens and 60 schools<sup>169</sup>. In terms of developing the *National Strategy on Educational Infrastructure*, a first draft was developed and a proposal of criteria for prioritizing investments financed by ROP was submitted to MDRAPFE. The strategy will be finalized by September 2017.

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<sup>166</sup> Reimbursement of transportation costs was approved by GEO No 69/2016 - total reimbursement for trips up to 50 km

<sup>167</sup> Pilot programme *Hot meals for students*, for 29,695 pupils and pre-school pupils (of which 14,544 pre-school pupils) from 50 state pre-university units. The programme budget for 2017 is 19.980 million Lei.

<sup>168</sup> Methodology approved by ministerial order in January 2017

<sup>169</sup> Out of the 174 kindergartens targeted: 88 are in execution, 19 are finalised, 67 not included in the tender process; out of the 60 schools targeted: 39 are in execution, 13 are finalised, 8 not included in the tender process

#### 4.7. Tertiary education

**Share of population aged 30-34 with tertiary education attainment:** national headline target Europe 2020 - 26.7%; current rate - 25.6% (2015), 25.5% (2016 - provisional data Eurostat).

**Key directions:**

- ✓ **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 the correlation with the labour market needs**
- ✓ **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 strategy on tertiary education 2015-2020* is under implementation, and a technical group to coordinate its implementation was established.

With the view of **supporting students from rural areas, disadvantaged groups and non-traditional students to participate in tertiary education** social programme are being carried out<sup>170</sup>: scholarships, grants for board and lodging, partial reimbursement of transportation costs. The *Methodology on allocation of additional funding* which includes a set of quality indicators on regional orientation and social equity has been implemented.

By OMEN No 3530/2016, the *Methodology on allocating budget funds for basic and additional funding of higher education institutions in Romania for 2016* was approved. The methodology includes a set of quality indicators on the international<sup>171</sup> and regional orientation, and social equity<sup>172</sup>. The *Methodology on allocating the fund for institutional development* was approved and implemented; it includes a financing line referring to increasing social equity, social inclusion and access to higher education.

Regarding **the development and integration of the IT in education and research**, the *Integrated Education Register* is operational, ensuring the interoperability of the system with SIIIR by integrating a correlation module and displaying the nomenclatures from the RMU application<sup>173</sup> with those from SIIIR. The legal protocols of collaboration with the central institutions (INS, CNAS, CNPAS, AJOFM) and the secured data transfer to the INS are under signing process to achieve interoperability with the central institutions in need of certified data by MEN / universities, will be finalized until Q3/2017.

In order to **increase the quality of higher education and the correlation with the labour market**, an ACOP project called *Developing the capacity of MEN to monitor and forecast the evolution of higher education in relation to the labour market* will be carried out until 2019. By

<sup>170</sup> The budget allocated in 2016 for institutional financing was 2,343 million Lei, while for 2017 it is 2,705 million Lei. The unitary allowance for the Bachelor's and Master's scholarship increased from 83 Lei/student/month to 201 Lei, the amount of doctoral scholarships increased from 1,050 Lei/month for the 1<sup>st</sup> and 2<sup>nd</sup> year of study to 1,450 Lei, and from 1,220 Lei/month for the 3<sup>rd</sup> and 4<sup>th</sup> year at 1,680 Lei. From 1 February 2017, Romanian and foreign students enrolled in the education system with frequency - bachelor, master, doctorate - in accredited Romanian higher education institutions benefit from free internal railway transport in all categories of railway trains, 2<sup>nd</sup> class. In the academic year 2016 - 2017, MEN allocated 402 grants to Roma youth with state funding for the bachelor cycle and 133 grants for the master cycle.

<sup>171</sup> The share of student mobilities through ERASMUS and ERASMUS MUNDUS programmes, and the share of students enrolled in study programmes in foreign languages

<sup>172</sup> Ability to integrate people from disadvantaged socio-economic backgrounds in educational programs, university contribution to the scholarship fund, places in dormitories

<sup>173</sup> (Single) National Student Enrolment Registry

implementing another ACOP project, *Improving Public Policies in Higher Education and Enhancing the Quality of Regulations by Upgrading Quality Standards*, MEN in partnership with ARACIS, based on clear and transparent set of indicators and data, will develop and implement the methodology and guidelines for ranking the higher education institutions and study programmes. The deadline for the elaboration of the above mentioned methodology is the end of Q2/2017.

For *creating and developing an open and accessible lifelong learning framework*, the national *Strategy on Lifelong Learning is in process of implementation*, an Annual Action Plan is elaborated and the procedures for monitoring and evaluation are established. *Lifelong Learning Community Centres* will be established with the main responsibility to identify and meet the life long learning needs of children, youngsters and adults from local communities. The legal act on the Methodology for the organization and functioning of these centres is still under decision making process. The establishment of these centres is envisaged for the Q2/2017. At the same time, in order to ensure equal access to lifelong learning, calls for non-competitive projects will be launched by the end of Q2/2017: *Elaboration / validation / implementation of a system of quality assurance at the system level and development of a coherent institutional framework for lifelong learning and Interventions at the level of the initial vocational training system*. In the field of professional qualifications, the draft GD on the approval of the structure of *National Register of Qualifications in Romania* is in the process of endorsement; the registry will be updated and managed by the ANC as a single reference tool in training, ensuring both a fair access to national and European labour market and the matching of education and training, and the labour market<sup>174</sup>. The adoption of this legal act is foreseen for the Q2/2017.

#### 4.8. Social inclusion and combating poverty

According to Eurostat, in the year 2015, **the number of people at risk of poverty or social exclusion decreased by 1,680 thousands persons, from 9,115 thousands persons to 7,435 thousands persons**, compared to the year 2008.

##### Key actions:

- ✓ **Increasing the life quality for population living in rural area**
- ✓ **Social and economic integration of population in marginalized communities**
- ✓ **Increasing the quality of social services**
- ✓ **Facilitating the transition from institutionalized social services to community services**
- ✓ **Reform of the national health care system**

Identifying integrated solutions that address the local social and economic challenges benefited by 4.8 million Euro for less developed regions<sup>175</sup> and 0.25 million Euro for Bucharest-Ilfov region in order to **draft the local development strategies in towns/municipalities with a population over 20,000 inhabitants**<sup>176</sup>. Other 206.92 million Euro will be allocated under 2014-2020 ESF to **support local action groups (LAGs)** and to **implement the local development strategies in towns/municipalities with a population over 20,000 inhabitants**, including in communities with Roma people.

Supplementary, the **preparatory support and the implementation of integrated community-led local development strategies in rural areas** are financed under 2014-2020 EARDF, so that

<sup>174</sup> Moreover this tool will support recognition of diplomas, improve graduates mobility within the labour market and stimulate their employment

<sup>175</sup> See footnote 119 above

<sup>176</sup> 2014-2020 HCOP PA 5–Community led local development , IP 9vi- Community led local development strategies

239 LAGs covering a population of 9,793,458 inhabitants (80% of LEADER population) were selected. The operating contracts for LAGs were signed, so that 933 jobs are expected to be created for LAGs administrative staff. In addition, 2,252 projects were transferred to 2014-2020 NRDP under Sub-measure 19.2-*Support to implement actions under community-led development strategies*, and 80 jobs were created as a result of completing several contracts.

In order to increase the life quality in rural area, one of the priorities of the Romanian Government is to **create, improve, and develop all types of basic infrastructure**<sup>177</sup>. However, 137 projects were contracted for *water supply/ wastewater infrastructure*, out of which 66 projects were transferred under transitional provisions to 2014-2020 NRDP, and 312 projects were contracted for *local road infrastructure*, out of which 141 contracts were transferred under transitional provisions to 2014-2020 NRDP. As a result of completing some contracts transferred to 2014-2020 NRDP, 107.94 km of water supply pipelines, 154.71 km of sewerage pipelines and 227.84 km of roads were built up, so that 134,363 inhabitants benefited by these investments. In addition, 1,278 km of roads, 342.61 km of water supply pipelines, and 657.41 km of sewerage pipelines will be built up, so that 919,215 inhabitants will benefit by the investments delivered through projects contracted under 2014-2020 programming period. As regards the *education and social infrastructure*, 225 projects were contracted, out of which 104 contracts were transferred under transitional provisions to 2014-2020 NRDP, and 121 contracts were signed under 2014-2020 programming period, so that investments in kindergarten, crèches, upper secondary agricultural education units and after school units will be financed. The existing urban-rural disparities and the poor condition of the infrastructure in the **Danube Delta area** have become a bottleneck in the economic development and the creation of new employment opportunities. During 28 March -30 June 2017, a call for proposals with an allocation of 55 million Euro is conducted for ITI Danube Delta territory.

In order to reduce the risk of poverty for people working in small farms, the improvement of the farm management and the revenue increase through a market orientation of farmers are pursued. 2014-2020 EARDF will further finance the **development of small farms** (details on progresses to be found at Annex No 3). A call for proposals with an allocation of 5 million Euro will be conducted for **ITI Danube Delta territory**.

Projects dedicated to **strengthening the social economy**<sup>178</sup> aim both at improving the sustainability of social enterprises and at developing the local communities. Setting up social enterprises, HOPE programme dedicated to social and economic integration of post-institutionalized young persons and funding the financing instruments necessary to the enterprise development will benefit by an allocation of 111.14 million Euro.

The **social and economic integration of persons in marginalized communities**<sup>179</sup> is another priority of the Romanian Government. Investments will be undertaken to facilitate access to early education and to labour market or to social and medical services, and to improve housing facilities or voluntary activities, both in more and less developed areas<sup>180</sup>.

Ensuring and improving the social service quality address both the accreditation of social service providers and the social service license, and the improvement of the related legislation that answer the priorities of *2017-2020 Programme for Government*<sup>181</sup>. The authorities of the local public administration will be assisted in **establishing public social assistance services and**

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<sup>177</sup> In the year 2023, the indicator the percentage of rural population that benefit by improved services/ infrastructure was set up at 26.63%

<sup>178</sup> 2014-2020 HCOP, PA 4 Social inclusion and fighting poverty, IP 9v - Promoting social economy and entrepreneurship in order to facilitate access to employment

<sup>179</sup> 2014-2020 HCOP, PA 4 Social inclusion and fighting poverty, IP 9ii - Social and economic integration of marginalized communities such as the Roma

<sup>180</sup> See footnote 119 above

<sup>181</sup> Measures on supporting public-private partnership, drafting the quality standards and cost standards for all social services, developing and implementing a national programme on training the social assistance staff and ensuring at least one full-time social workers, in every village

**increasing the access of disadvantaged people to quality specialised social services.** According to *2017-2020 Programme for Government*, MMJS drafted the Governmental Decision on approving the framework Regulations on organizing and operating public social assistance services at local level and the indicative staff structure; in April 2017, the document was subject to inter-institutional approval procedure.

In order to implement the objectives of *2015-2020 National Strategy on Social Inclusion and Poverty Reduction*, a programme with a budget of 21 million Euro (2014-2020 ESF) will finance the technical assistance provided to local public authorities in order to **establish and operate public social assistance services**<sup>182</sup> in territorial-administrative units where these services were not established.

In addition, the Government aims at strengthening the local public social assistance services by **developing integrated community teams**. During 2017-2020, consequently to the implementation of a project financed under 2014-2020 ESF, a package of methodologies and handbooks dedicated to integrated community teams will be drafted; these teams will be established in 100 disadvantaged communities and the human resources (social assistants) in the public social assistance services will be ensured and trained. The project addresses both the objectives of *2015-2020 National Strategy on Social Inclusion and Poverty Reduction* on strengthening the capacity of public social assistance services and developing the integrated community social services, and the provisions of *2017-2020 Programme for Government* on implementing a training programme for social assistance experts and ensuring in every village at least one full-time social workers.

Young people and children in foster care centres would be at risk of social exclusion, so that the institution reorganization is another Government priority. The project *Drafting the deinstitutionalization plan for institutionalized children and ensuring transition to a community care*<sup>183</sup> (implemented by ANPDCA during 2016–2018) carries out a diagnosis of foster care centres that allow the prioritization of their closure. Therefore, a call for proposals with a financial allocation around 330.35 million Lei (2014-2020 EFRD and State budget) is to be launched in Q2/2017 and will finance the social service infrastructure (day centres and family houses/ flats) in order to **deinstitutionalize children in foster care centres** to be subject of closure procedures.

To facilitate **transition from institutionalized social services to community services**, 2014-2020 ESF finances (about 129.47 million Euro): the development of maternal and social assistance network; the deinstitutionalization of children and adult disabled people; investments that ensure an independent life of institutionalized young persons (aged up to 18 or 26 if they are enrolled in education or training system).

In Q2/2017, a call for proposals with a financial allocation at about 73.44 million Lei (2014-2020 EFRD and State budget) is to be launched; investments will be financed through 2014-2020 ROP for the deinstitutionalisation infrastructure (sheltered houses) and for social service infrastructure without a residential component (day centres) in order to **deinstitutionalize the adult disabled people** who live in old type institutions.

In order to implement *2014-2020 National Strategy on Promoting Active Ageing*, funds are allocated to develop the **infrastructure of social services without a residential component dedicated to older people experiencing poverty or in other situation of vulnerability**. A call for proposals<sup>184</sup> with a budget of around 123 million Lei (2014-2020 EFRD and State budget)

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<sup>182</sup> 2014-2020 HCOP, PA 4 Social inclusion and fighting poverty, IP 9iv - Enhancing access to affordable, sustainable and high quality services, including health care and social services of general interest

<sup>183</sup> 2014-2020 ACOP, PI 11i - Investments in institutional capacity and in efficiency of public administration and services at national, regional and local level, in terms of continuing reforms, better regulation and good governance

<sup>184</sup> 2014-2020 ROP, PA 8 Developing social and health infrastructure, IP 8.1 - Investments in social and health infrastructure contributing to the development of national, regional and local development, reducing inequalities in terms of health and

was launched in Q4/2016. In addition, **social services for older persons in situations of dependency** (*Community Grandparents, Tele-Assist*, providing home care services, ensuring the qualified staff and improving housing accommodation for older persons) are financed under 2014-2020 ESF (17.64 million Euro).

According to *2015-2020 Government Strategy on Social Inclusion of Roma People*, the Government implements the pilot-programme **Social housing for Roma communities** (details on progresses to be found in Annex 3). To continue the programme implementation during 2017-2020, MDRAPFE and ANR intend to draft a piece of legislation aiming at building up other 280 social housings in communities with Roma people (estimated budget 40 million Lei).

Fight against poverty and social exclusion continues to be a national priority. The Government undertakes to assist people and families in difficult situations with a future programme – **Minimum Inclusion Income**<sup>185</sup> (MII). MII conciliates measures to tackle poverty and consolidates three social assistance benefits (i.e. minimum guaranteed income, family support allowance and house heating aid). MII will enter into force on 1 April 2018, and will be the main support measure to prevent and tackle poverty and social exclusion, including for poor families with children.

According to *2017-2020 Programme for Government*, to increase the social inclusion of disadvantaged families with children, the Government will promote measures with an impact on reducing children poverty. Therefore tax deductions for families with children, the increase of the insertion incentive amount (starting from April 2017, the insertion incentive increases to 650 Lei per month until the end of the child-rearing period), and parent assisting mechanisms and reconciliation of family and work life will be endorsed. These initiatives add or supplement measures previously implemented in the field of social benefits (children allowances, child-rearing indemnities, family support allowances, social benefits for families at risk of poverty, social vouchers for kindergarten, etc.)

**MS continued the national health system reform** and a series of measures are under implementation aiming at increasing the access of people, including of the vulnerable, at quality medical services, improving the efficiency and the financial sustainability of health system, modernizing the health infrastructure and healthcare network at regional level, and reducing the morbidity and mortality caused by communicable and non-communicable diseases.

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 was initiated; carrying out these actions could respond to CSRs requirements addressed to Romania by the EC in the health field. Some measures are underway, with an impact on increasing the availability of outpatient care services, aspect also mentioned in CSR 3 from 2016.

At national level, in order to **increase the access of vulnerable people to health services**, the implementation of prophylactic and curative programmes, especially in the field of women and children health has continued; more than 430,000 retired people with monthly income of <700 Lei benefited of drugs in outpatient. The network of community nurses and health mediators has been developed to improve the access to medical services for people living in remote and isolated communities. 45 community health centres were set up and MS have on-going a new project through which seven integrated community centres will be established. The GEO No 18/2017 was approved to regulate the community healthcare, as well as to set up the organization and functioning of 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 communities.

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promoting social inclusion by improving access to social, culture and recreation services, and the transition from institutionalized services to community services, SO 8.3-Increasing the social service covering

<sup>185</sup> Law No 196/2016 on minimum inclusion income

To **improve the efficiency and financial sustainability of the health system**, certain measures have been taken through GD No 161/2016 with impact on reducing hospitalizations and introducing the financing based on performance criteria; 98% of total public procurements were made in centralized system by MS. To develop the capacity of health technologies assessment for medicines, a set of amendments of the GD No 720/2008 were approved on updating the list of compensated medicines and 34 new medicines were introduced by the end of March 2017.

In view of **modernizing the health infrastructure and healthcare network at regional level**, MS has in progress the rehabilitation works at 49 hospitals (with funds from the state budget) and 119 hospitals will be equipped with medical facilities. In addition, delivery and installation of medical equipments covered the *Emergency Units* from 68 hospitals.

Building, rehabilitating, expanding and equipping the county emergency hospitals will be eligible for ROP 2014-2020 in case that the mapping of health infrastructure will highlights the need for intervention at such hospitals, after the fulfilment of ex-ante conditionality in the health field<sup>186</sup> and possible change of ROP in this regard. MS has in view to build eight regional hospitals, equipped with last generation medical equipment and a republican hospital in Bucharest organized as emergency-excellency and research centre, for all specialities. Building and equipping three regional hospitals, eligible for ROP 2014-2020 will start after finalising the feasibility studies. The calls for proposals for the interventions on community socio-medical integrated centres, ambulatory and the emergency units will be launched in Q2/2017.

Some steps were taken to **increasing the access of people to quality healthcare services**; a strategy on the reorganization of the speciality ambulatories and the conversion of the local hospitals in the diagnosis and treatment centres is being prepared. In order to improve the knowledge of primary healthcare providers, more than 600 persons were trained on different themes such as the risk factors for non-communicable diseases at adults, conducting motivational interviews to combat the alcohol and tobacco consumption, using the guide and the IT solution from the PREVENT module.

To **reduce the morbidity and mortality from communicable and non-communicable diseases**, the preventive/early diagnosis services were provided and the campaigns were organized to inform/educate/communicate, at national and local levels, especially for vulnerable and disadvantaged groups. Also, a *GD on approving the Multiannual Plan on promoting a healthy lifestyle* is being developed, the deadline for implementation of this plan being estimated for Q4/2017. Preventive/early diagnosis services were provided through the vaccination of 927,358 children and testing to identify various diseases for more than 55,000 pregnant women, 74,000 children and 20,000 new-borns. At national and regional level, 60 persons have been trained in order to ensure the surveillance of communicable diseases and to manage the epidemiological alerts. In addition, 23 campaigns were organized to inform/educate/communicate on various topics, especially for vulnerable and disadvantaged groups, two campaigns addressing Roma population.

Steps have been initiated for **improving 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, the specific objective *Increasing of integrity, reducing vulnerabilities and risks of corruption in the public health system* from the *National Anticorruption Strategy 2016-2020* includes a series of measures 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 leaders. Another important measure is for transparent use of public resources by the collection of dates in a centralized way on the *data.gov.ro* portal. In this regard,

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<sup>186</sup> The deadline for the ex-ante conditionality fulfilment has been prolonged until July 2017, as a result of the discussions with EC officials.

*the Order No 1258/2006 on a transparent use of dates on public procurements and the contracts involving public patrimony at public hospitals level, county ambulance services and institutions with legal entity from subordination or coordination of MS* was published. The Collaboration Protocol No 4079/17655/2016 was concluded between MS and AADR in view to exchange the data bases on public procurements carried out in the health system through SEAP.

During August-September 2016, a pilot programme was implemented in five hospitals to directly obtain a feedback from patients about medical services. Two Orders of the Minister of Health<sup>187</sup> have been elaborated in order to improve the activity of the *Ethics Councils* within the hospitals and the *Mechanism of Feedback from Patients* based on direct questioning. At the same time, on the basis of the anti-corruption hotline used by the General Anticorruption Directorate, a national healthcare anti-corruption telephone hotline was launched as a result of the collaboration between MS and MAI. In addition, salaries for the health professionals have been increased as a result of GO No 20/2016 and the hourly payment for the night shifts physicians has been increased up to 90% starting October 2016. By the measures aforementioned the aim is to bring salaries for the health professionals to levels closer to the value of their work, making them less prone to accept informal payments from patients.

Implementing the measures in the health field will continue by increasing the access of people, including of the vulnerable ones, at quality medical services, improving the efficiency and financial sustainability of health system, modernizing the health infrastructure and healthcare network at regional level, and through reducing the morbidity and mortality caused by communicable and non-communicable diseases. Another measure of MS aims at monitoring of the implementation of the *National Health Strategy 2014-2020*. In order to continue the improvement of the IT health system, MCSI intends to consolidate the integrated IT system in e-health field by prioritisation of funds from the 2014-2020 COP. Also, improving the quality and efficiency of public services within the Romanian health system is it is envisaged by promoting public integrity and accountability in resource management. In this context, MS proposed some new actions, following the approval of SNA 2016-2020, as well a transparent use of public resources, strengthening the control and integrity structures from MS or identification of the situations that could generate conflicts of interests.

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<sup>187</sup> *The Order No 1502/2016 on approving members and responsibilities of Ethic Council operating under public hospitals and the Order No 1501/2016 on approving the implementation of Mechanism of Feedback from Patient in public hospitals.*

## 5. INSTITUTIONAL ISSUES AND STAKEHOLDER INVOLVEMENT

### Developing 2017 NRP

2017 NRP was developed under the coordination of the Minister Delegate for European Affairs<sup>188</sup> 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).

According to EC guidelines, 2017 NRP contains elements relating to the state of play of implementation of the actions undertaken by 2016 NRP, including the state of play of response measures to 2016 CSRs, as well as proposals for new actions defined in line with the priorities established at EU level, the Programme for Government and other national strategic documents of cross-sectoral nature.

At the same time, 2017 NRP provides the framework to respond to the main challenges raised by EC in the *Country Report Romania 2017* in areas such as *fiscal-budgetary policy, labour market, education and social policies, business environment, public administration*.

Basically, 2017 NRP aims to ensure the continuity of reforms from previous stages and puts forward new measures which would meet the current priorities.

The draft of 2017 NRP was agreed at technical level by the members of the *Working Group for Europe 2020 Strategy*, as well as at political level in the *Coordination Committee of the National System for European Affairs Management*.

### Stakeholder consultation

To increase the visibility of *Europe 2020 Strategy* in Romania and to ensure the transparency of its implementation, the relevant information about the strategy and the European Semester, including the annual NRPs, are available on MAE website.

During 2016, a series of briefings on the key-documents of the European Semester (i.e. Council Recommendation on CSRs, AGS, Alert Mechanism Report, Country Report, etc.) were sent to the committees of the Romanian Parliament, especially those for European affairs. Also, MAE constantly responded to Romanian Parliament's demands on the European issues, strengthening the dialogue with this institution.

Moreover, in the context of a conference organized by the EC Representation in Romania (on 15 March 2017), the debate on the *Country Report Romania 2017* with the main institutions from central public administration, social partners and civil society was a good opportunity to retain some ideas for drafting 2017 NRP, including in terms of identifying new measures to meet the challenges Romania is facing.

In order to ensure a common understanding and a higher ownership of the reform measures, the draft 2017 NRP was submitted, for consultation purpose, to the representative social partners at national level. The process was carried out in the first half of April 2017, with MCPDS support.

### Monitoring 2017 NRP

To put into practice the NRP, MAE – through the Minister Delegate for European Affairs - coordinates the elaboration of an **action plan**, involving the institutions represented in the *Working Group for Europe 2020 Strategy* (technical level). 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 usually takes place between July – August, after the formal endorsement by ECOFIN of the Council Recommendation on CSRs.

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<sup>188</sup> According to Art. 2, point 44 of GD No 16/2017 on the organization and functioning of MAE  
2017 NRP ROMANIA

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

Progress made in the NRP and CSRs implementation is periodically reviewed based on **progress reports** elaborated in collaboration with the institutions in charge and integrated by the national coordinator of the *Europe 2020 Strategy*.

## ANNEXES

### ANNEX 1 – REPORTING TABLE ON THE ASSESSMENT OF THE POLICY RESPONSE TO COUNTRY-SPECIFIC RECOMMENDATIONS

No CSR	<u>CSR sub-categories / Short title of the measure/ Main policy objectives and relevance for CSR</u>							
	Information on planned and already enacted measures							Foreseen impacts
	Description of the measures of direct relevance to address the CSRs				Europe 2020 objectives	Challenges/ Risks	Budgetary implications	Qualitative elements
	Description of the measure	Legal/ administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 objectives	Specific Challenges/ Risks in implementing measures	Overall and yearly change in government	Qualitative description of foreseen impacts and their timing
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	<b>Medium term objective (MTO)</b>							
	<b>-Monitoring the budget execution in order to identify situations that imply a risk of deviation from the deficit target</b>							
	<i>Complying with the 3% ceiling for the budgetary deficit in 2016</i>							
	The 2016 budget envisaged a cash deficit target of 2.8% of GDP, which corresponds to an ESA deficit of 2.95% of GDP and a structural deficit of 2.7% of GDP. All main spending institutions had the obligation to fit within the 2016 approved budget. The normative acts initiated by the Parliament and the Government increasing budget spending or reducing budget revenues, shall comply with the budgetary provisions approved in the laws on 2016 state budget and on approving the ceilings of indicators specified in the fiscal-budgetary framework for 2016	Law No 339/ 2015 regarding the 2016 state budget Law No 338/ 2015 on approving the ceilings of indicators specified in the fiscal-budgetary framework for 2016	The budgetary execution for 2016 ended with a cash deficit of 18.3 billion Lei, representing 2.41% of GDP, below the annual target set at 2.8% of GDP.	For 2017, 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.	-	The fiscal easing measures adopted in 2015 and 2016, impacting both on revenues (the new Fiscal Code) and on spending (wage increases and social assistance benefits).	-	Romania was in line with the 2016 target for budget deficit of 2.8% of GDP. The ESA deficit is estimated to be approx. 3% of GDP, ceiling stipulated by the Stability and Growth Pact.
1	<b>Medium term objective (MTO)</b>							
	<b>Implementing transparency and efficiency mechanisms for public spending/ Increase the efficiency of budgetary spending</b>							
	The action consists in reviewing public spending in different sectors, in order to prioritize and efficiently allocate them, identifying ways to make savings for different spending chapters.		In October 2016, the memorandum on the approval of legal framework amendment in order to institutionalize the spending review process, respectively on the approval of setting up the Committee for public spending review and efficiency was approved. Besides the constitution of the	In 2017, reports will be prepared regarding measures proposed to make public spending more efficient for the areas set by the government, containing at least two fields of inefficiency and five	-	-	-	These mechanisms will contribute to increasing the fiscal space needed for investments, improving public finances' medium and long term

No CSR	CSR sub-categories / Short title of the measure/ Main policy objectives and relevance for CSR							
	Information on planned and already enacted measures							Foreseen impacts
	Description of the measures of direct relevance to address the CSRs				Europe 2020 objectives	Challenges/ Risks	Budgetary implications	Qualitative elements
	Description of the measure	Legal/ administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 objectives	Specific Challenges/ Risks in implementing measures	Overall and yearly change in government	Qualitative description of foreseen impacts and their timing
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			mentioned consultative committee, which will propose annually the ministries for which spending reviews will be carried on, the memorandum stipulates for the integration of public spending review in the medium term budgetary framework, by including provisions that will make periodically public spending reviews compulsory. As an annex to the Memorandum, an initial report for transport was drafted, in which several areas of inefficiency were identified (public investment, subsidies, maintenance) along with concrete saving options and efficiency measures. In the 22 March 2017 Government meeting, a memorandum on the approval of public spending review framework and on setting up the areas for which efficiency analyses will be carried out during 2017 was launched. The areas established are <b>health, transport and education</b> , considering the significant amounts allocated to these areas from the state budget in the last years and current year.	efficiency measures for each field. Also, with help of the Structural Reform Support Programme, a technical assistance project on public spending review will be carried out with Expertise France, a specialized institution identified by the EC. The main activities of the project are providing consultancy in order to finalize the institutionalization of public spending review, as well as providing support for pilot reviews in two areas. At the same time, the project aims to produce a public spending review guideline, detailing the practices to be followed in the process of analysing public expenditures.				sustainability, increasing the absorption capacity of European funds and growing the predictability of medium term fiscal policy.
1	<b>Medium term objective (MTO)</b> <b>Improve the management of public debt / Increase the efficiency of budgetary spending</b>							
	Developing instruments or mechanisms to make efficient the process of managing the risks associated to the public debt portfolio and to public spending (representing the cost of public debt).		A technical assistance agreement with the WB on developing government's capacity to manage public debt using derivative financial instruments was signed in October 2016. By February 2017, several training sessions were held regarding public policies framework on derivative financial	WB's experts will elaborate reports regarding: - Guidelines on the legal framework and internal procedures for negotiating framework agreements ISDA Master Derivative Agreement,				The project will contribute to the implementation of an appropriate policy and operational framework for the use of derivative financial instruments. These

No CSR	CSR sub-categories / Short title of the measure/ Main policy objectives and relevance for CSR							
	Information on planned and already enacted measures							Foreseen impacts
	Description of the measures of direct relevance to address the CSRs				Europe 2020 objectives	Challenges/ Risks	Budgetary implications	Qualitative elements
	Description of the measure	Legal/ administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 objectives	Specific Challenges/ Risks in implementing measures	Overall and yearly change in government	Qualitative description of foreseen impacts and their timing
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			instruments and operational and procedural framework for transactions with financial instruments.	<ul style="list-style-type: none"> <li>- Guidelines and general procedures for the use and execution of foreign exchange swap and interest rate swap,</li> <li>- policy framework for managing credit risk with counterparties on derivatives,</li> <li>- best practices regarding derivatives operations from the international financial markets and at EU level as well as regarding post-trade processes for interest rate swap and foreign exchange swap,</li> <li>- preliminary assessment on internal organization, personnel, IT capabilities and requirements for managing post-transaction interest rate swap and foreign exchange swap executed by MFP (in-house vs. outsourcing).</li> </ul> <p>WB will elaborate a technical note with pros and cons, including cost implications, for the use of a third party in post-trading processes for foreign exchange swap and interest rate swap, the overall framework and guidelines for selecting and managing relationships with external third party.</p>				instruments will contribute to reaching an optimal foreign currency structure for the government debt portfolio.

No CSR	CSR sub-categories / Short title of the measure/ Main policy objectives and relevance for CSR							
	Information on planned and already enacted measures							Foreseen impacts
	Description of the measures of direct relevance to address the CSRs				Europe 2020 objectives	Challenges/ Risks	Budgetary implications	Qualitative elements
	Description of the measure	Legal/ administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 objectives	Specific Challenges/ Risks in implementing measures	Overall and yearly change in government	Qualitative description of foreseen impacts and their timing
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	<b>Medium term objective (MTO)</b> <b>Develop tax provisions to fight against tax planning and tax base erosion</b> / Fight against aggressive tax planning and increase the fiscal revenues							
	Drafting and promoting a legal act containing fiscal rules on setting profit income, which will counteract the taxpayers' actions aimed at reducing their fiscal burden.		MFP has drafted a legal act transposing EU Directive no 2016/1164 laying down rules against tax avoidance practices that directly affect the functioning of the internal market. The Directive contains rules against tax evasion regarding: limitation of interest deductibility, exit taxation, a general anti-fraud provision, rules for foreign controlled companies and non-uniform treatment of hybrid elements.	In 2017, Romania's options for implementation as well as other sectors with high risk of tax base erosion will be analysed and documented.				Counteracting taxpayers' actions aimed at reducing their fiscal burden
1	<b>Implementation of the Tax compliance strategy</b> <b>Improving VAT registration procedure / Increasing VAT tax compliance</b>							
	Amending the VAT registration procedure of economic operators and amending the annulment of VAT codes, based on a predefined set of risk criteria.	OPANAF 3840 and 3841/2015 OPANAF No 3331/2015	Implementation of an improved VAT registration procedure of taxpayers using risk criteria for assessing the intention and ability of taxpayers to carry out economic activities involving operations in VAT area.	Improving and developing the current procedural framework.	-	-	-	Reducing the number of companies which may cause losses in terms of VAT collection, reducing VAT fraud and increasing voluntary tax compliance.
1	<b>Tax compliance and tax collection</b> <b>Further reorganization of ANAF/ Increasing efficiency of tax administration</b>							
	Strengthening ANAF's workforce, both by increasing the staffing and by its relocation for the optimal function of structures, in particular DGAF and the new structures of tax administration for large and medium taxpayers. (following GEO No 41/2015 and GD No 816/2015).		For these new structures, 1,645 positions were approved, out of which 1,343 are occupied, the occupancy rate of the new structures being, currently, 81.64%. Concerning the Fiscal Anti-Fraud General Directorate (DGAF), since its setting up in 2013, several recruitment competitions have been organized, currently reaching an 84% occupation rate.		-	-	-	Improving the main tax administration indicators for 2016 the degree of voluntary compliance for tax returns filing was 95.34% and the degree of voluntary compliance for fiscal obligations payment was 84.03%, both slightly higher than

No CSR	CSR sub-categories / Short title of the measure/ Main policy objectives and relevance for CSR							
	Information on planned and already enacted measures							Foreseen impacts
	Description of the measures of direct relevance to address the CSRs				Europe 2020 objectives	Challenges/ Risks	Budgetary implications	Qualitative elements
	Description of the measure	Legal/ administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 objectives	Specific Challenges/ Risks in implementing measures	Overall and yearly change in government	Qualitative description of foreseen impacts and their timing
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
								2015 figures, which were also higher as against previous years.
1	<b>Tax compliance and tax collection</b>							
	<b>Strengthening the new VAT registration procedure / Increasing VAT tax compliance</b>							
	Amending the VAT registration procedure of economic operators and amending the annulment of VAT codes, based on a predefined set of risk criteria.	OPANAF 2393/2016 OPANAF 605/2017	Implementation of an improved VAT registration procedure of taxpayers, using risk criteria for assessing the intention and ability of taxpayers to carry out economic activities involving operations in VAT area. In order to respond to requests from business environment, the (088) <i>Statement on the assessment of intent and ability to conduct economic activities involving VAT operations</i> was removed, following to use the information held by ANAF.	The assessment procedure is a dynamic one and it needs to be adapted permanently to the economic realities, with the purpose of preventing and fighting fiscal evasion and increasing the degree of revenue collection and voluntary compliance.	-	-	-	Reducing the number of companies which may cause losses in terms of VAT collection, reducing VAT fraud and increasing voluntary tax compliance.
1	<b>Tax compliance and tax collection</b>							
	<b>Improving the cancellation procedure of VAT registration procedure / Increasing VAT tax compliance</b>							
	Improving the automatic cancellation of VAT registration for taxable persons that did not justify the intention and ability to carry out economic activities involving operations in VAT scope, following a selection process based on risk profiles.	OPANAF 2393/2016 OPANAF 605/2017	The new procedure involves, on one hand, the application of risk management principles which will allow an analysis of the behaviour of taxable persons in order to fit them into a certain risk profile and, on the other hand, the application of an automatic selection process based on risk analysis that will allow a more rigorous identification of the taxable persons with fiscal risk.	Like the evaluation procedure, the cancellation procedure is a dynamic one and it needs to be adapted permanently to the economic realities, with the purpose of preventing and fighting fiscal evasion and increasing the degree of revenue collection and voluntary compliance				Reducing the number of companies which may cause losses in terms of VAT collection, reducing VAT fraud
1	<b>Tax compliance and tax collection</b>							
	<b>Fight against VAT fraud/ Increasing VAT tax compliance</b>							
	Increasing DGAF controls aiming to eliminate evasion chains and "ghost" companies, increasing the use of		In 2016 DGAF carried out 43,665 control actions, 705 notifications being submitted to the criminal investigation bodies for a loss amounting to 3,290	The efforts to fight VAT fraud, including cross-border fraud, will continue in 2017.	-	-	-	Reducing fraud in the field of VAT

CSR sub-categories / Short title of the measure/ Main policy objectives and relevance for CSR								
No CSR	Information on planned and already enacted measures							Foreseen impacts
	Description of the measures of direct relevance to address the CSRs				Europe 2020 objectives	Challenges/ Risks	Budgetary implications	Qualitative elements
	Description of the measure	Legal/ administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 objectives	Specific Challenges/ Risks in implementing measures	Overall and yearly change in government	Qualitative description of foreseen impacts and their timing
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	administrative cooperation instruments in the field of VAT, including multilateral controls, identifying trade circuits involved in important frauds in new fields of tax evasion, like intra-communitarian and national trade with electronics and second-hand vehicles.		million Lei. As against last year, the number of control actions grew by 1.6%, the number of notifications decreased by 13% and the value of the connected losses decreased by 30%. Four multilateral controls were carried out in 2016, two being initiated by DGAF in the field of electronics and ink trade with Italy. One of the four controls (organized by the Netherlands) was finalized, with losses from state budget set at 37.8 million Lei. Also, between January 2016 and March 2017, 890 inquiries for tax evasion and tax fraud suspicions were received from EU Member States while 1834 requests were sent to other Member States. These numbers represent increases in information exchanges, especially regarding the requests submitted by Romania.					
<b>1</b>	<b>Tax compliance and tax collection</b>							
	<b>Stimulating tax receipts' issuance /Tax fraud prevention</b>							
	Managing the complaints received through TelVerde Service, continuing spot checks regarding fiscal electronic cash registers' use in fields and areas with high risk of non-compliance	GEO No 28/1999 on the economic agents' obligation to use fiscal electronic cash registers	In 2016 DGAF inspectors registered 2,704 complaints received through TelVerde Service, with 1,191 follow-up control actions. The number of complaints decreased as compared to 2015 (5,353 complains, 2,154 checks), indicating that the authorities' actions in this area were successful. In addition, in order to verify economic agents on the use of fiscal electronic cash registers, control actions were carried out; as a result 17,841 sanctions were applied in 2016 (78.9 million Lei	For 2017, ANAF is planning to continue spot checks regarding fiscal electronic cash registers' use in fields and areas with high risk of non-compliance.	-		-	Reducing tax evasion by motivating and empowering citizens concerning the taxation of traders income.

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			finances, representing 55.7% of the fines applied by DGAF and 10.7 million Lei seizures).					
1	<b>Tax compliance and tax collection</b> <b>Introducing electronic cash registers connected to ANAF's computer system / Tax fraud prevention</b>							
	The authorities plan to introduce the obligation to use electronic cash registers, which will enter into force on a phased basis, depending on the category of economic operators.	The procedure of connecting the electronic cash registers to the national informatics system for supervising and monitoring fiscal data is approved by order of ANAF's president.	The draft ANAF President's Order regarding the information contained in the National Register of Electronic cash registers installed in counties and in Bucharest's sectors, as well as the methodology and procedure for their registration, has been elaborated and is currently under approval.	By the end of 2018, electronic cash registers connected to ANAF's computer system will be generally introduced	-	-	-	Reducing tax evasion
1	<b>Tax compliance and tax collection</b> <b>Increasing the share of tax audits based on risk analysis /Increasing the efficiency of tax administration</b>							
	Within the project carried out with the WB, together with the acquisition and implementation of the revenue management system, the risk analysis will be generalized for taxpayers' selection for tax inspections.		In 2016 the share of this type of actions in the total tax inspections performed was 39.35%, an increased value against the percentage recorded in 2015 (28.75%). Except for mandatory tax inspections stipulated by legislation, all tax inspection actions are carried out on the basis of risk analysis.	Except for mandatory tax inspections stipulated by legislation, all tax inspection actions are carried out on the basis of risk analysis.	-		-	Efficiently use of ANAF's resources, making strategic decisions in an informed matter.
1	<b>Tax compliance and tax collection</b> <b>Increasing controls concerning taxpayers with fiscal risk associated with transfer prices / Increasing the efficiency of tax administration</b>							
	Expanding the use of risk analysis for taxpayers that carry on transactions with affiliated persons will lead to an increased selection of taxpayers with fiscal risk associated with transfer prices and, implicitly, to the increase of fiscal inspection effectiveness, with respect to the level of additional amounts set or to the reduction of tax loss.		A number of 105 tax inspections were carried out during 01.01.2016 - 31.12.2016 at taxpayers identified with fiscal risk associated with transfer prices. Following inspections thereof, 87 million Lei additional amounts were set, thus the total fiscal loss of 428 million Lei being diminished.		-	-	-	

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1	<b>Tax compliance and collection</b> <b>ANAF enrolment in the National Electronic Payment System / Increasing the efficiency of tax administration</b>							
	Expanding the functionalities of ghiseul.ro for payment of central level taxes and fees.	OMFP No 1376/2016 on types of tax receivables that can be paid through online banking cards through the National Electronic Payment System.	In 2016, ANAF was enrolled on the platform www.ghiseul.ro and starting from December 2016, natural and authorised persons are able to pay online the taxes and duties owed to ANAF.		-	Exposing ANAF databases on ghiseul.ro, supporting the transaction related fee		Reducing the time and procedures for paying taxes and duties. Increasing tax collection by offering alternative collection channels
1	<b>Fight against undeclared work</b> <b>Control actions at national level for preventing and fighting against undeclared work/Reducing undeclared work</b>							
	The measure aims fields like: clothing, food, forestry, transport, security and protection services. IM together with DGAF's fiscal inspectors will control with priority the companies that operate in areas of risk generated by analyses.		During June – September 2016, ANAF and IM carried out a national action (named Cronos) aimed at identifying and sanctioning non-compliance with financial and fiscal provisions, identifying and fighting under-declared and undeclared work in the field of constructions; thus 573 taxpayers were audited, out of which 425 by both DGAF and IM.	In 2017, the IM together with DGAF's fiscal inspectors will continue their control actions in order to prevent and fight under-declared and undeclared work. The areas targeted are the ones with increased incidence of undeclared work, inspectors following to control with priority the companies that operate in areas of risk generated by analyses. An information campaign will also be carried out at national level in order to raise awareness among employers and workers concerning the benefits of declared work and the disadvantages of undeclared work.	-	-	-	Increase in the results of tax inspections carried out at legal persons, in particular regarding the income tax and compulsory social contributions
1	<b>Financial stability</b> <b>Monitoring the developments and legal initiatives that could undermine legal certainty and put at risk the financial stability</b>							
	Continuing to monitor the developments in the banking and financial sector and to engage in	Legislative proposals related to amendment/supplement/repe	During 2016, BNR provided opinions, views and made comments and proposals on legislative initiatives that	For 2017, BNR will continue to monitor the developments in the banking and financial	-	-	-	Some of the proposals submitted by BNR aimed at limiting the

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	public and parliamentary debates on legislative projects whose regulatory scope falls within the competence of the central bank	al of some provisions of GEO No 50/2010 on consumer credit contracts, GEO No 99/2006 on credit institutions and capital adequacy, the approval of GEO No 52/2016 on credit contracts to consumers for real estate, and for the amendment and supplement of GEO No 50/2010 on consumer credit contract or regulation of the Statute of National Agency for Consumer Protection.	addressed the regulatory framework in the banking and financial field. At the same time, BNR carried out analyses of the effects of the draft law on debt discharge ('datio in solutum') for the banking sector, as well as on the impact of legislative initiatives related to the conversion of foreign currency loans on bank solvency, formulating proposals in the legislative process for limiting risks to financial stability. Also, the situation of the notices formulated under Law No 77/ 2016 was carefully monitored.	In the event of financial stability being affected, BNR will consider applying macro-prudential or micro-prudential intervention measures in order to mitigate the negative effects.				negative impact on the banking sector have been taken into account and are in the final form of Law No 77/2016. For some of the legal initiatives there are negative reports / opinions of rejection and negative views from the government while other legal initiatives have ceased their legislative process.
2	<b>Labour market</b> <b>Encourage entrepreneurship and self-employment, create new enterprises, including innovative SMEs</b> <sup>189</sup> / Strengthen labour market activation measures							
	Encouraging entrepreneurship and self-employment, creating new enterprises in non-agriculture sector, in urban area, in less developed regions <sup>190</sup>	Order of European Fund Minister No 1839/9.09.2016	During September 16 - November 16, 2016, a call for proposals <i>Romania Start-up Plus</i> was conducted	Project assessment is ongoing	Increase employment and entrepreneurship development		105 million Euro Source of funding: ESF and national co-finance	About 2,000 enterprises and minimum 4,000 jobs are estimated to be created
	Creating jobs and reducing regional disparities	GD No 332/2014 on establishing a state aid scheme to support investments promoting regional development by creating jobs	In 2016, a call for submitting the finance applications was launched	Launching calls for submitting the finance applications depends directly on the allocated budget	Regional development and job creation	Insufficient allocation of commitment appropriations and budgetary expenditures to provide new financial agreements and to ensure the disbursement of agreements already contracted	39,72 million Euro Source of funding: State budget	Financial agreements issued for 37 companies; 6,398 jobs are estimated to be created, out of which 1,910 jobs for disadvantaged workers.

<sup>189</sup> 2014-2020 HCOP, PA 3, Job for all, IP 8iii - Self employment, entrepreneurship and business creation including innovative micro, small and medium sized enterprises

<sup>190</sup> North – East, North – West, West, South – West Oltenia, Centre, South – East, South – Muntenia

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2	<b>Labour market</b> <b>Enrolling young NEETs<sup>191</sup> in PES database (ANOFM)/</b> Strengthening ANOFM services by paying a special attention to unregistered young people							
	Identifying young NEETs that are not enrolled in PES database	Order of European Fund Minister No 216/23.11.2016	On March 8, 2017, ANOFM submitted to MDRAPFE the project fiche – INTESPO ( <i>Enrolling Young People In Public Employment Service Database</i> )	Subsequent to the assessment, the project will be uploaded in MySMIS system	Increase employment		30.98 million Euro Source of funding: ESF and national co-finance	According to estimates, about 160,000 young NEETs will be enrolled in ANOFM database
	<b>Expanding early education services (for children aged 0 to 6)/</b> Prevent early school leaving and increase the provision of quality education							
	Clarification in terms of legislation, organization and implementation of early education services as integrated services (ante pre-school level and pre-school level) as well as those that take into account educational content for ante-pre-school education	Regulation on Organizing and Operating of the Preschool education Methodology on organizing and operating of nurseries and early education and care services	Regulation on Organizing and Operating of the Preschool education (OMECS nr. 4464/2000) has been revised and discussed with trade unions and parents associations and it will be in public debate and approved by end of the forth quarter of 2017. Methodology on Organizing and Operating of Nurseries and Early education and care services <sup>192</sup> , correlated with the amended version of Regulation on Organizing and Operating of the Preschool education, was revised and it is under internal approval.	Approval, by the end of 2017 of Regulation on Organizing and Operating of the Preschool education and Methodology on Organizing and Operating of Nurseries and Early education and care services,	The measure requires the legislative clarification of the organization and functioning of early education services as integrated services to gradually become universal services. This will ensure the conditions for preventing early school leaving.	n.a.	n.a.	Ensuring a coherent institutional framework appropriate to the education and personal development of pre-school children through early nursery education. Stimulating the participation in pre-school education of children from disadvantaged families. Facilitating access for disadvantaged children to the education. Reducing early school leaving and crime rates.
2	<b>Education</b> <b>Complete and adopt a set of procedures for identifying and monitoring children outside the education system /</b> Increase the provision of quality education, in particular among Roma							
	The measure is part of the <i>Global School Participation Initiative</i> and is based on the	Set of procedures for identifying and monitoring children outside the	A Draft non-competitive project to develop <i>School after school</i> programme was elaborated; the project	Finalizing the non-competitive project to develop <i>School after school</i> ,	Create the adequate framework to	Failure to finalize the project fiche respecting the	European funds/ state budget	The measure allows the development of more targeted policies

<sup>191</sup> Young persons (age group 15-24) not in employment, education or training

<sup>192</sup> The methodology aims mainly the accreditation of the early education and care service, the calculation of the food ratios contribution, the recruitment of non-teaching and didactic staff by local public authorities, the way of promoting the specific *Curriculum for pre-school education*, etc.

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	results of some thematic studies developed in 2012 and 2014 at primary, lower and upper secondary level.	education system	goal is to develop a set of procedures to identify and monitor children not included in the SIIR application.	by the end of 2017.	prevent early school leaving	deadline		on vulnerable groups of children outside the education system or at high early school leaving risk.
2	<b>Education</b> <b>Modernization of school curriculum for lower and upper secondary education, and VET / Access to quality education</b>							
	Restructuring curriculum and school curricula is necessary to promote value-oriented education, creativity, cognitive capacities, volunteer capacities and action capabilities, fundamental, skills and abilities of direct utility, in the profession and in society	Curricular Policy Document  Framework curriculum plans for upper secondary education  New curriculum for vocational educational and training, approved	A draft project fiche was elaborated to access a systemic HCOP project – Compulsory National Curriculum for lower secondary education. Framework curriculum plans for lower-secondary (gymnasium) were adopted in April 2016 and curricula in February 2017  Regarding vocational education and training, a new curriculum for 9 <sup>th</sup> grade, technological secondary education and technical and vocational education has been developed and approved in 2016.	Finalizing and approval of the <i>Framework curriculum plans for upper-secondary education</i>	The measure provides the framework for access to quality education	Failure to finalize the project fiche on schedule	n.a.	Ensuring quality education, oriented to personal development and labour market needs.
2	<b>Education</b> <b>Replicating the prevention and intervention measures tackling early school leaving and in conjunction with the measures within the Government integrated package to combat poverty / Take action to prevent early school leaving and increase the provision of quality education, in particular among Roma.</b>							
	This measures aims to conduct an evaluation of School after school interventions at national level, revise the methodology for organizing this programme, in order to extend it. The programme targets both primary and secondary school pupils, but prioritizes the needs of pupils belonging to disadvantaged groups.	n.a.	The evaluation of <i>School after school</i> interventions at national level was conducted and the methodology for organizing this programme has been reviewed.  Two calls for competitive projects were launched in September 2016 with the aim of reducing and preventing school drop-out and promoting equal access to pre-primary, primary and secondary quality education: <i>School for all</i> and <i>Motivated teachers in disadvantaged schools</i>	Selecting and starting the implementation of projects in the two calls for projects	Reducing early school leaving	Failure to finalize the selection and implementation of the projects	European funds/ state budget	Reducing and preventing school drop-outs and promoting equal access to education, especially for disadvantaged schools or schools where teaching is organized in atypical contexts: in hospitals, detention facilities, in geographical areas

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								with difficult ways of accessibility, virtual schools and other forms regulated by law.
2	<b>Education</b> <b>Implementing correction measures for disadvantaged groups</b>							
	The measure concerns the extension of the <i>Second Chance Programme</i> which is of the core measures to reduce early school leaving.	n.a.	The <i>Second Chance</i> programme will be extended the draft of a non-competitive project designed to extend the <i>Second chance</i> programme being developed. For a smooth implementation of the <i>Second Chance</i> programme, a video conferencing with all general school inspectors and local specialists was organized, particular attention being paid to the regulations on the programme and issues related to its monitoring.	Extending the <i>Second Chance</i> programme by implementing a non-competitive project	Supporting children / young people / adults who have not completed compulsory education by offering the possibility of continuing and completing their studies	Failure to finalize the project fiche on schedule	European funds/ state budget	Reducing school drop-out by supporting children / youth / adults who have not completed compulsory education by offering the possibility of continuing and completing their studies
3	<b>Health</b> <b>Ensuring integrity in the healthcare system/Contributing to ensure the access to healthcare for the population and the efficient use of funds from health, with impact on reduce the informal payments</b>							
	Improving the quality and efficiency of public services within the Romanian health system by promoting public integrity and accountability in resource management	The normative acts mentioned in column (4)	The <i>National Anticorruption Strategy 2016-2020</i> includes the specific objective <i>Increasing of integrity, reducing vulnerabilities and risks of corruption in the public health system</i> which includes a series of measures. Some progress has been made in improving the activity of the <i>Ethics Councils</i> and of the <i>Mechanism of Feedback from Patients</i> , and in monitoring the public procurement carried out by public hospitals. A pilot programme was implemented in five hospitals to obtain directly feedback from patients about medical services. Two Orders of the Minister of	1. Identifying and managing the risks of corruption in the public hospitals, the Public Health Directorates and MS structures; 2. Transparent use of public resources; 3. Monitoring the incompatibilities and conflicts of interests within the public health system; 4. Improving the monitoring of income and expenditure budgets at public hospitals level; 5. Improving the activity of	Increasing social inclusion	n.a.	n.a.	Ensuring the access to healthcare for the population and the efficient use of funds from health, measures with impact on reduce the informal payments

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			<p>Health have been elaborated on the Ethics Councils and the organising and functioning of the Mechanism of Feedback <i>Ethics Councils</i> within the hospitals from Patient; and the <i>Mechanism of Feedback from Patients</i>. A national healthcare anti-CNAS level a common corruption telephone hotline was mechanism for monitoring launched as a result of the and controlling of providers collaboration between MS and MAI. In from the social health addition, salaries for the health insurance system; professionals have been increased as a 7. Strengthening of the result of GO No 20/2016 and the control and integrity hourly payment for the night shifts structures from MS and physicians has been increased up to enlarging their attributions; 90% starting October 2016. The 8. Identifying of the measures aforementioned aim to bring situations that could generate salaries for the health professionals to conflicts of interests at levels closer to the value of their work. clinical and managerial staff making them less prone to accept from medical units and informal payments from patients. implementation of solutions In 2016, MS and AADR concluded a for prevention and resolve. Collaboration Protocol whereby the 9. Revision of the purchases from the health system are mechanism of feedback from analyzed quarterly. patient;</p> <p>Another important measure is for 10. Developing an action transparent use of public resources by unique plan fighting fraud the collection of dates in a centralized and corruption in the health way on the <i>data.gov.ro</i> portal. In this system;</p> <p>regard, the <i>Order No 1258/2006 for a</i> 11. Improving the the <i>transparent use of dates on public management performance procurements in some hospital units</i> evaluation criteria for public from subordination or coordination of hospitals leaders; MS was published. 12. Developing transparent criteria for funds allocating both in the public and private sectors, in relation to their performance;</p> <p>13. Developing analysis systems for strategic areas of</p>					

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				the health system; 14. Developing e-Governance services for different authorizations, certifications or documents issued under health system 15. Creating a portal for employment in the public health system.				
3	<b>Health</b> <b>Improving the access of vulnerable people to health services/</b> Contributing to increase the access to medical services, as well as to offer drugs in outpatient							
	Implementing national health programmes, ensuring the access to drugs in outpatient for retired people, developing the healthcare network in local communities, including of community centres	GEO No 18/2017 on community healthcare	The implementation of 18 prophylactic and curative programmes, especially in the field of women and children health has continued; 430,812 retired people with monthly income of <700 Lei benefited of drugs in outpatient by the end of March 2017. 40 new community nurses were employed in 45 community health centres set up in six counties. The GEO No 18/2017 on community healthcare, as well as to regulate this assistance and to set up, organization and functioning of the integrated community centres was approved.	1. Carrying-on with implementation of national health programmes; 2. Ensuring the access to drugs in outpatient for retired people; 3. Developing healthcare networks in outpatient care level; 4. Developing community centres and medical and social services in view to define some medical and social integrated services at local communities' level.	Increasing social inclusion	n.a.	National health programmes in the field of woman and children health 28.32 million Lei Community Healthcare: Norwegian Financial Mechanism - 1.63 million Euro State Budget: 31.9 million Lei	Ensuring a better access to healthcare for vulnerable persons and to those belonging to remote and isolated communities and reducing the urban-rural inequalities in health, as well as to offer drugs in outpatient
3	<b>Health</b> <b>Improving the efficiency and financial sustainability of the health system/</b> Ensuring an adequate level of financing, including for outpatient care							
	One of the stages within this measure refer to improve the funding system for primary healthcare, as part of the outpatient care, by introducing the financing based on performance criteria	GD No 161/2016 for approving the services packages and the Framework Contract which regulates medical assistance and the medical equipment in social health insurance system for the 2016-2017	Certain measures have been taken within GD No 161/2016 with impact on reducing hospitalizations and introducing the financing based on performance criteria.	Improving the funding system for primary healthcare, as part of the outpatient care, by introducing the financing based on performance criteria	Increasing social inclusion	n.a.	n.a.	Ensuring an adequate level of financing, as required, including for outpatient care

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3	<b>Health</b> <b>Modernization of the health infrastructure and healthcare network at regional level/</b> Contributing to the provisioning of a quality healthcare and access of population to healthcare							
	One of the stages within this measure refer to rehabilitation/modernization/expanding/equipping of community socio-medical integrated centres, ambulatory and the emergency units	n.a.	MS has in progress the rehabilitation works at 49 hospitals (with funds from the state budget) and 119 hospitals will be equipped with medical facilities. In addition, the delivery and installation of medical equipments have been made in the <i>Emergency Units</i> from 68 hospitals.  At MS level, work groups have been set up for the interventions on community socio-medical integrated centres, ambulatory and the emergency units in view to prioritize investments and develop the evaluation criteria for the applicant's guides.	MS Rehabilitation/modernization of community socio-medical integrated centres, ambulatory and the emergency units (implementation period: 2016-2023)  MDRAPPE Rehabilitation/modernization of community socio-medical integrated centres, ambulatory and the emergency units (implementation period: 2017-2023)	Increasing social inclusion	MDRAPPE Launching the public consultation of the specific Guide for each operation will be performed depending on the date when the information's needed for the preparation of the Beneficiaries Guide (criteria for prioritization of investments, for example for ambulatory/ investments financed from POR Emergency Units) are provided to MDRAPPE.	MS 278.13 million Lei (MS budget) for rehabilitation of hospitals; 435.15 million Lei (MS budget) for equipping  MDRAP-POR: 638.30 million Euro (FEDR+ state budget), of which 300 million Euro for regional hospitals  The amounts refers to the entire programming period	Making investments to improve the quality of infrastructure healthcare services and carrying on with equipping the healthcare providers contribute to the development at national, regional and local level, reducing the inequalities in terms of health
3	<b>Public administration</b> <b>Strengthen the independence and transparency of human resources management in the public administration /</b> Approval of the Strategy for Development of the Civil Service 2016-2020							
	The strategy aims at redefining the strategic framework applicable to the management of civil servants and civil servants, in line with the national vision	Legislative act for the approval of the strategy (GD)	Strategy for Development of the Civil Service 2016-2020 was finalized and adopted by the Government on 27/07/2016 (GD No 525/2016)	Drafting the annual implementations plans Implementation of measures form annual plans	n.a.	Delays in implementing the annual actions plans	n.a.	Redefining the strategic framework applicable to management of civil servants and civil

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	on strengthening public administration.							servants
<b>3</b>	<b>Public administration</b> <b>Strengthen the independence and transparency of human resources management in the public administration / Approval of the Strategy on Professional Training 2016-2020</b>							
	The measure aims at furthering the professionalization of the civil servants' body by improving the quality of the training process.	Legislative act for the approval of the strategy (GD)	<i>the Strategy on Professional Training 2016-2020</i> was finalized and adopted by the Government on 08/09/2016 (GD No 650/2016)	Drafting the annual implementations plans Implementation of measures form annual plans	n.a.	Delays in implementing the annual actions plans	n.a	Professionalization of the civil servants' body by improving the quality of the training process.
<b>3</b>	<b>Public administration</b> <b>Strengthen the independence and transparency of human resources management in the public administration /Finalizing and approving the Administrative Code</b>							
	The <i>Administrative Code</i> will regulate, inter alia, a series of issues regarding the organization and functioning of the central and local public administration; the general regime for the staff working in the field of administration, the administrative responsibility, the public services, etc.	Normative act (draft law) on approving the <i>Administrative Code of Romania</i> .	In March 2016, the Government approved the preliminary theses of the draft code (GD No 196/2016). The public consultation process on the draft code took place in November-December 2016. The proposals resulting from the public debate organized by MDRAPFE (on 21 December 2016) were analyzed and integrated into the consolidated version of the code (Q1/2017).	The approval of the draft code by the Government is expected in Q2/2017.	n.a.	Possible delays in the inter-ministerial endorsement process on the draft of the <i>Administrative Code</i>	n.a	Systematizing and optimizing the legislation in the field of the public administration.
<b>3</b>	<b>Public Administration</b> <b>Strengthen the independence and transparency of human resources management in the public administration /Finalizing the revision of the normative acts amending / completing the primary legislation in the field (Laws 188/1999 and 7/2004) correlating with the Strategy for Strengthening the Public Administration 2014-2020</b>							
	The normative acts subject to revision are the primary normative framework in the field of civil service and civil servants, whose implementation is aimed at strengthening the management and professionalization of the body of civil servants under ethics and integrity conditions.	Legislative acts (draft law) amending and supplementing the Law No 188/1999 and Law No 7/2004 Draft legislative acts amending and supplementing the primary legislation in the field, revised.	A draft law was drafted for the revision of Law No 188/1999 on the Statute of civil servants and implementation of the specific measures of the <i>Strategy for Development of the Civil Service 2016-2020</i> . In the first two months of 2017, ANFP, in collaboration with MDRAPFE, finalized a new legal form of the draft law amending and supplementing Law No 188/1999, the document being in the process of transparency of decision	Completing the normative acts (draft laws) on amending and supplementing the Law No 188/1999 and Law No 7/2004 will be carried out in Q1/2017	n.a.	A delay in approving the Administrative Code could also affect the completion of the measure to amend Law no 188/1999.	n.a.	Improving the rules applicable to civil servants

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			making. Elaboration of the draft law amending and supplementing Law No 7/2004 on the Code of Conduct for Civil Servants, republished, has started in Q1 / 2017.					
3	<b>Business environment</b> <b>Increasing enterprises' accessibility to the public services provided by the authorities to support them in their life cycle</b> (obtaining the construction authorization, paying taxes, registering the properties, starting a business, insolvency) / <i>Reducing bureaucracy, time and costs of the procedures on operationalizing a business</i>							
	Reducing competitiveness gaps of enterprises especially of SMEs by increasing their access to electronic services for: - Obtaining construction authorization;	GEO No 100/2016 for modifying and completing the Law No 350/2001 regarding the spatial and urban planning and of the Law No 50/1991 regarding the authorization for the execution of construction works.	Approval of the GEO draft that contains provisions for the acceleration of the authorization procedures for buildings and for the facilitation of the gradual implementation of the e-government systems at national level in the field of the spatial and urban planning. (Q4/2016)	Gradual development at national level of the e-government systems in the field of Planning and Construction Authorization through an ACOP project <sup>193</sup> that will provide: - the elaboration of Code for the Spatial and Urban Planning and Constructions; - systematized and upgraded technical regulations series; - rendering operational the e-government systems.	n.a.		MDRAPFE ACOP 12 million Lei	Systematization of the legislation, simplification of minimum three procedures in the field of urban planning, reduction of minimum 30% of the deadlines for obtaining the notifications for urban documentations and of 25% of the deadlines for obtaining the construction authorization.
	- Registering properties;	GEO No 35/2016 for modifying and completing of the Law No 7/1996 on Cadastre and Land Registration; GD No 777/2016 regarding the structure, organisation and functioning of the National Electronic Register of the street nomenclature; Operational mechanism for	Accelerating the land registration process through: - facilitating the implementation of National Plan of Cadastre and Land Book (NPCLB) through the approval of the GEO No 35/2016; - elaboration of the draft <i>Law on the Integrated System for Land Registry and Cadastre</i> ; - finalizing the draft <i>Law on the Integrated System for Land Registry</i>	Modifying GD No 294 /2015 in order to set up the unique criteria harmonized with the ROP 2014-2020 criteria for the prioritization of the ATU in accessing the funds provided by the NPCLB (Q2/2016); Contracting and starting the implementation of 2014-2020 ROP the major project	n.a.	Contracting and starting the implementation of the major investment project (ROP, 11 Axis) are related to the approval by the ROP MA and IQR and of the CE For the implementation of	Total budget of the ROP major project financed through (ROP, 11,412 million Lei, out which 1,099 million Lei from FEDR	Till 2023 targeting the objectives for systematic registration of land assumed in the NPCLB and in the major investment project financed by 2014 – 2020 ROP.

<sup>193</sup> Systematization of legislation in the field of spatial and urban planning and constructions and strengthening the administrative capacity of the specialized structures of the central public institutions with responsibilities in the field

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		obtaining electronically the land book extract; Operational Informational System provided for managers of Romanian spatial data to ensure their interfacing with the integrated system of cadastre and land book.	and Cadastre;	Improving coverage and inclusion system of property registration in rural areas of Romania (Q2/2017); Implementing NPCLB (annually); Implementing the phased project financed through 2014-2020 COP for modernization of methods for collecting, evaluating, analyzing and reporting data from the Agricultural Register; Approving by the Government the draft Law on the Integrated System for Land Registry and Cadastre (Q2/2017)		NPCLB the related risks are: - registration works can't be contracted due to the complaints submitted; - cooperation difficulties between the involved parties in the contracts enforcement (mayors, providers, citizens).	ANCPI own funds 4,050.885 million Lei for the period 2015-2023	
	- Paying taxes	Law No 1/2017 regarding the elimination of some taxes and duties, and for the modification and the completion of some pieces of legislation.	Adoption the draft Law on the elimination of 102 taxes and duties by the Parliament – consultation of public institutions involved within the parliamentary commissions. (Q4/2016)	Implementation from 1 February 2017, by the institutions involved of the Law No 1/2017.	n.a.			Bureaucracy reduction
		GEO No 3/2017 and GEO No 84/2016 for the modification of fiscal and fiscal procedure code	Approving the GEO No 3/2017 by the Government (Q 1/2017) Approving the GEO No 84/2016 by the Government (Q4/2016)	Implementation from January 1, 2017, of the new provisions referring to reinvested profit, taxation of micro-enterprises, special taxation regime for farmers, elimination the tax on special construction, VAT, contribution for social securities,	n.a.			Stimulating the development of enterprises, especially of SMEs
		GEO No 84/2016 for the modification and completion	Rendering operational the mechanisms of tax declaration and electronic	According to the provisions of the GD No 1235/2010,	n.a.			Bureaucracy reduction

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		of some normative acts in the financial-fiscal field	payments of taxes for individual taxpayers through ghiseul.ro (Q4/2016)	developing the National System for paying taxes by banking card for all taxpayers' categories. In November 2016, ANAF concluded a cooperation agreement with BT, BCR and Garanti Bank totalling 1.9 million Lei without VAT aiming at implementing the tax payments through banking card via ghiseul.ro during a period of 32 months.				
	- Starting a business	Operational Infokiosk Service for requesting trade register information	In Bucharest, rendering operational Infokiosk services for consultation the trade register information (Q2/2016)	Expanding Infokiosk services nation-wide (in Q1/2018 by obtaining the necessary funding)	n.a	Insufficient allocation of budgetary funds to ensure financing and payments	160,000 Euro State Budget, out of which 129,000 Euro in 2017, 31,000 Euro in 2018	Increasing access to trade register information
		Law No 1/2017 regarding the elimination of some taxes and duties, and for the modification and the completion of some pieces of legislation		By 1 February 2017, elimination of 20 taxes for registration provided by the Law No 1/2017		Increasing the registrations number into trade register.	In February 2017, the revenues from trade register activity decreased by 74.42% as compared to Jan. 2017. This analysis includes the influences from the revenues of the calculation notes issued in Jan. 2017.	Increasing by 30% the number of the registered enterprises and reducing by 74.42% the registration costs.
		Operational integrated electronic services into e-justice platform.	Elaborating and submitting the fiche of the project for achieving the interconnection with MS trade registers, financed from ECF (Q2/2016).	Rendering operational the interconnection Romanian Trade Register/ONRC into e-justice platform. (Q2/2017).	n.a	Risk in not ensuring the RO contribution, delays in the public procurement procedures as a result	547,300 Euro (EU funds – INEA-ECF) out of which 136,800 Euro RO	

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						of complaints, specific risks related to IT projects.	contribution (State budget)	
		GD No 811/2016 regarding to set up besides the ONRC of some activities entirely financed from its own funds	Elaborating and approving GD draft regarding to set up besides the ONRC of some activities entirely financed from its own funds	Diversifying the services provided by the ONRC to businesses	n.a	Identifying appropriate services targeting specific groups Risk of non-financing	47.19 million lei estimated for a period of three years (2016-2018)	Increasing access of enterprises, public institutions and of others applicants to the processed information from trade register (statistical works, analysis and reports).
		Draft Law	Elaborating and submitting for public consultation the draft Law which transposes the Directive (UE) 2015/849 (Q1/ 2017) Approving the draft Law for transposing the Directive (UE) 2015/849 (June 2017)	Setting up the Real Beneficiaries Register for the societies registered into Trade Register (Q3/2017, depending on the transposition into national law of the Directive (UE) 2015/849) Adopting the draft Law by the Parliament (Q3/2017)	n.a	Risk of non-financing The challenge of keeping the records of real beneficiaries up to date	Since the normative act is in the project phase, the budgetary implications can't be estimated at this stage	Implications in preventing and combating money laundering
		Draft Law	Promoting the draft Law on the registrars of the trade register and on the registering activity (Q4/ 2017)	Adopting the draft Law by the Parliament (Q1/ 2018)	n.a.	Simplification of the registering formalities of the professionals into the Trade Register which have this obligation; Regulating the registering procedure based on the registrar of the trade register control or, as the case may be, based on the decision of the court; Regulating the registrar of the trade	2.79 million Lei (impact on State Budget in 2018)	Exercising the judicial control of the lawfulness of matriculation / registration entries in the Trade Register by registrars of register, as it is regulated by GEO No 116/2009 for the establishment of measures regarding the activity of registration in the Trade Register, with subsequent amendments and

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						register profession; Regulating the organization and functioning of the ONRC and the territorial trade register offices. Risk of unfilled vacancies		completions
	- Insolvency of enterprises.	Entering into force on 1 August 2017 of the Law No 151/2015 on insolvency procedure of the natural persons	Rendering operational the insolvency procedure of the natural persons (Q3/2017). Implementing measures assumed by ORNC into <i>Action Plan for the implementation of the Law on insolvency procedure of the natural persons</i> , elaborated by MECRMA		n.a.		For the period 2016-2018 there are 21,72 million lei allocated	Establishing a collective procedure for the recovery of the financial situation of the debtor, a natural person, on good faith, in order to cover as much as possible his liabilities and discharge of his debts.
		Operational integrated electronic services into e-justice platform		Interconnection of insolvency registers at European level (Q2/2019) Expanding the Insolvency Procedure Bulletin functionalities (according to the Loan Agreement between Romania and IBRD)				
	<b>Business environment</b> Developing systems and electronic facilities for helping citizens and enterprises in their relations with public authorities							
	Identifying IT solutions for solving problems that the public administration is facing in their relations with business. Creating an open, transparent		Implementing the <i>Programme GovITHub</i> . 10 projects were developed in an intensive manner, through which IT solutions <sup>194</sup> will be implemented. (Q4/2016).		n.a.			Bureaucracy reduction. Optimisation of some administrative procedures

<sup>194</sup> Among these applications we mentioned: *desprevaccin.ro* - the main source of data for all beneficiaries who want comprehensive and safe information about essential vaccinations; *Social Enterprises register* - an electronic system as a Single Electronic Register type that will allow the registration, integration and analysis of all data regarding social enterprises; *petitions Digital platform* - a ticketing system that can track the

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	and trusted cooperation environment between public institutions and entrepreneurs and experts in the IT field in identifying the appropriate IT solutions.							
	Enhancing and ensuring the interoperability of e-government information systems dedicated to e-government 2.0 type centred on business and citizens related events, the development of government cloud computing and social media communication, Open Data and Big Data <sup>195</sup>		Launching the calls for proposals from 2014-2020 COP, BIG DATA Section (June-July 2016)	Monitoring the implementation of the three phased projects approved details on Chapter 3.3) Launching the call for proposals 2017.	n.a.		ERDF 2014-2020 32.4 million Euro	Optimizing e-government services in some areas with impact on sustaining investment projects (details on projects on going on Chapter 3.3)
	Elaborating and approving the <i>Integrated plan to simplify administrative procedures for citizens</i> and creating the related mechanisms (to monitor the measures, as well as to assess their impact)	Plan and related mechanisms	Reviewing the <i>integrated plan to simplify administrative procedures for citizens</i> , at the EC request. Elaborating the <i>framework-mechanism for monitoring the plan and the framework-mechanism to periodically assess the impact of the simplification measures</i> (March 2016).	Approving the reviewed version of the plan by CNCISCAP; Completing the two framework-mechanisms through the ACOP project Systematizing legislation, monitoring and assessing tools in public administration, having MDRAPFE as beneficiary. The application for funding was submitted to MA ACOP on 24 February 2016. Next	n.a.	- non-approval by MA ACOP of the application for funding; - delays in signing the project financing order; - delays in the public procurement procedures.	Budget estimated through the application sent to MA ACOP: completing the mechanism for monitoring the plan: approx. Lei 0.2 million; - completing the mechanism to assess the	Simplifying the administrative procedures for citizens based on coordinated, coherent and integrated planning

status of an application submitted by a Romanian national to the State institutions; *developing for MySMIS* - new modules national platform for management of EU funds, to notify the fraud before they happen; *improving on-line service on ghiseul.ro* re - designing by in terms of interface, usability and accessibility to increase platform efficiency; *Car Record* - a mobile application through which citizens can check the history of revisions and accidents of a used car before they buying it; *R.A.D.A.R.* (Representation and Analysis of Aggregate Data in Romania) - a platform that allows citizens to view state-owned data at ATUs level and to correlate or analyze them; *Private Mobile Virtual Space* - mobile application that will give to citizens the opportunity to trade directly in relation to ANAF by phone, simplifying the process and increasing the number of electronic transactions; *consultare.gov.ro* - platform for the aggregation of all normative acts in public consultation that will offer the possibility of submitting proposals in electronic format.

<sup>195</sup> 2014-2020 COP, Action 2.3.1 - SECTION BIG DATA

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				<p>stages:</p> <ul style="list-style-type: none"> <li>- the approval by AM ACOP of the application for funding (Q2/2017);</li> <li>- the public procurement of consulting services for completing the mechanisms (Q4/2017);</li> </ul> <p>It is estimated that the above mentioned mechanisms will be finalized in Q2/2018.</p>			impact of the measures to simplify administrative procedures for citizens: 0.728 million Lei.	
	Adopting some simplification measures at the central public administration level	GEO, Memorandum	<p>Carrying out a process of identifying administrative procedures that business and citizens consider most upsetting and burdensome or hiding a lack of coordination between various public institutions</p> <p>Approval of the <i>GEO No 41/2016 for establishing some simplification measures at the central public administration level and for modifying and completing some normative acts</i>, as well as of the related Memorandum<sup>196</sup> (June 2016).</p> <p>Elaborating the <i>Plan to Develop Electronic Public Services 2016-2020</i>, in accordance with the Annex of the GEO No 41/2016 (July 2016).</p> <p>Adopting the Memorandum referring to the Action Plan for 2017, regarding the initiative to reduce the administrative burden imposed on business environment (March 2017)</p>	<p>Launching a project funded within ACOP to facilitate the communication between the economic operators and the public institutions through electronic procedures, and to set up a coordinated mechanism for obtaining and paying online some documents. The implementation of the above-mentioned project is expected to begin in Q4/2017.</p>	n.a.		-	<p>Simplifying procedures for citizens and business environment</p> <p>Strengthening the digitalization process at the central government level</p>

<sup>196</sup> The Memorandum *Measures to simplify and coordinate administrative procedures in the specialized central public administration*

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3	<b>Public enterprises (PE)</b> <b>Consolidating the legal framework on corporative governance /Improving PE performances</b>							
	Ensuring unitary application of the legal framework in the field of the corporative governance through the adoption by the Parliament of the <i>Law for the approval of the GEO No 109/2016</i> , and the approval of the framework documents and instruments for the application of the guidelines for the unitary implementation of the corporative governance principles.	Law No 111/2016 <i>Law for the approval of the GEO No 109/2016 regarding the corporative governance of EP</i> ; GD No 722/2016 for the approval of the Methodological Norms for the application of some provisions of the GEO No 109/2011 regarding the corporative governance of EP <sup>197</sup> . GEO No 53/2016 for modifying and completing the art. 14 of the GO No 26/2013 regarding the strengthening of the financial discipline at the level of some economic operators where the state or the administrative-territorial units are single or majority shareholders or directly or indirectly hold a majority shareholding GEO No 11/2016 on the establishment of the reorganization measures at central public administration level	The adoption of the <i>Law for the approval of the GEO No 109/2016 regarding the corporative governance of EP</i> with subsequent amendments (Q2/2016); The approval of the Methodological Norms for the application of some provisions of the GEO No 109/2011 regarding the corporative governance of EP (Q3/2016). The implementation at level of Conpet, Transgaz and Tarom of the project for applying the monitoring system for the corporative governance implementation and for the oversight of the EP performances <sup>198</sup> - hold training sessions (Q4/2016). Elimination of the remuneration of the State representatives in General Shareholders Meeting (Q3/ 2016). The deadlines for the approval of the budget of revenues and expenditures of the PE has been modified and the approval procedures for those PE where the average number of employees in the previous year was less than or equal to 50 employees, as well as for the PE whose shares are	Continuing to monitor the implementation of the provisions of the <i>GEO No 109/2016 regarding the corporative governance of EP</i> with subsequent amendments. Elaborating the Annual Report on monitoring corporative governance (November 2017)	n.a.			Starting from 2017, the improvement of the administration and management of the PE will be reflected in the evolution of their economic and financial performances. Facilitating the unitary application of the GEO No 109/2011 in amended form.

<sup>197</sup> GD contains provisions that are referring to: the procedures for setting up the selection criteria for new management bodies in PE, measures to avoid confusion and disparate interpretations of some provisions of the GEO No 109/2011 and the methodology for the establishing of the financial and non-financial indicators and the variable remuneration component of the managers and directors

<sup>198</sup> Project implemented by MFP according to the grant agreement signed with the WB, totalling 488.000 USD

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			admitted to trading on a regulated market and for their subsidiaries have been simplified (Q1/2016). Elaborating and publishing of the Report regarding PE for 2015 (Q4/2016).					
<b>3</b>	<b>Public enterprises</b> <b>Continuing the introduction of the professional management to EP /Increasing EP performances</b>							
	Implementing the professional management to EP based on transparent selecting procedures of managers/administrators/AC members especially in EP subordinated to ME, MEc and MCSI		Finalizing the selection of the professional management to 7 IP <sup>199</sup> (December 2016)	Finalizing the selection of the professional management to four PEs <sup>200</sup> (June 2017)	n.a.			Increasing the EP performances where the professional management have been introduced
<b>3</b>	<b>Public enterprises</b> <b>Starting the process for setting up/ consolidating within public authorities of the responsible structures in monitoring the EP performances. / Increasing EP performances</b>							
	Consolidating the administrative capacity of the tutelary authorities according to the Law No 111/2016 in a first phase at central level (especially in the field managed by ME, MEc and MT), and in a second phase at local level. It is estimated that this process will last about 2-3 years.	GD No 41/2017 for on the organization and functioning of ME  GEO No 40/2016 and GD No 27/2017 on the organization and functioning of MEc  GD No 818/2016 amending GD No 21/2015 on the organization and functioning of MT	Adopting the DG on the organization and functioning of ME (January 2017). The number of personnel has been supplemented at the level of responsible structure within de ministry.  Adopting the DG on the organization and functioning MEc (January 2017). The personnel at the DPAPS level functioning in MEc have been supplemented.  Adopting GD on the organization and functioning of MT. The Directorate for Corporate Governance was established in Q1/2017.	Recruiting the number of personnel for the structure responsible in monitoring the EP at ME level.  Continuing the recruitment of the personnel of DPAPS level.  Recruiting the personnel in the newly created specialized directorate (Q4/2017)				Increasing at the level of tutelary authorities of the capacity in monitoring and implementing corporate governance principles. Increasing EP performances monitored at central and local level.

<sup>199</sup> Plafar SA, SN Sare SA, SC CupruMin, SN a Apelor Minerale SA and SC Smart S.A under MEc authority, and Complexul Energetic Oltenia SA and Society for the Administration of the Shareholdings of the State in Energy under ME authority.

<sup>200</sup> CNTEE Transelectrica S.A. and SN Transgaz S.A under MEc authority and SN Radiocomunicatii SA and CN Posta Romana SA under MCSI authority.

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3	<b>Public enterprises</b> <b>Consolidating in EP of the shareholder position of the State/Improving EP performances</b>							
	For an efficient administration and valorisation of the State shareholders the approval of two draft laws by the Government, the following must be considered: - The first one is to strengthen the position of the state by granting it the possibility that by means of central public authorities having the quality of public institutions involved, so it can buy shares in strategic interest companies where it holds a minimum of 51% of the shares. -The second one will regulate in a coherent and unitary manner for all institutions involved in management, restructuring, reorganization and shareholdings valorisation activities of the economic operators under their authority, aiming at optimizing these processes.	Draft Law  Draft Law	Draft Law on the strengthening of the position of the state as a shareholder in some companies, as well as the modification and completion of normative acts (December 2017).  The draft law on the management and exploitation of State shareholdings (December 2017).	Adopting the draft Law by the Parliament (Q1/2018)  Adopting the draft Law by the Parliament (Q1/2018)	n.a.			Increasing EP performances Sustaining the investment projects in priority sectors.
4	<b>Extend basic infrastructure and foster economic diversification, in particular in rural area/ Create, improve, and develop all type of small-scale infrastructure/ Increase life quality for population living in rural areas</b>							
	Financing projects dedicated to developing water supply/wastewater, local roads, education and social infrastructure	GD No 226/2015 on establishing the general framework on implementing measures of National Rural Development Programme, co-financed under EARDF and State budget	Two calls for proposals were launched (one in 2015 and the other one in 2016)	A new call for proposals is expected to be launched with an allocation of 356.14 million Euro, which will finance about 356 infrastructure projects. A call for proposals with an allocation of 55 million Euro	Reducing disparities and economic disparities between urban and rural areas, improving life	Risks would arise while implementing investments – technical, environmental, financial, institutional, and legislative	477.89 million Euro (contracted projects) Source of funding: EARDF and national co-finance	Water supply/wastewater infrastructure - for completed contracts (transferred under transitional provisions to 2014-2020 NRDP), 107.94 km of water

No CSR	CSR sub-categories / Short title of the measure/ Main policy objectives and relevance for CSR							
	Information on planned and already enacted measures							Foreseen impacts
	Description of the measures of direct relevance to address the CSRs				Europe 2020 objectives	Challenges/ Risks	Budgetary implications	Qualitative elements
	Description of the measure	Legal/ administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 objectives	Specific Challenges/ Risks in implementing measures	Overall and yearly change in government	Qualitative description of foreseen impacts and their timing
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
				is expected to be launched exclusively for ITI Danube Delta territory.	quality for population living in rural area and stopping the depopulation phenomenon in rural area			supply pipelines and 154.71 km of sewerage pipelines were built up; for contracts concluded under 2014-2020 programming period, 342.61 km of water supply pipelines and 657.41 km of sewerage pipelines are under construction. <i>Local road infrastructure</i> – for completed contracts (transferred under transitional provisions to 2014-2020 NRDP), 227.84 km of roads were built up; for contracts concluded under 2014-2020 programming period, 1,278 km of roads are under construction <i>Education and social infrastructure</i> – 121 projects were contracted for 2014-2020 programming period in order to built up kindergartens, crèches, upper secondary agricultural education units and after school units

No CSR	CSR sub-categories / Short title of the measure/ Main policy objectives and relevance for CSR							
	Information on planned and already enacted measures							Foreseen impacts
	Description of the measures of direct relevance to address the CSRs				Europe 2020 objectives	Challenges/ Risks	Budgetary implications	Qualitative elements
	Description of the measure	Legal/ administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 objectives	Specific Challenges/ Risks in implementing measures	Overall and yearly change in government	Qualitative description of foreseen impacts and their timing
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
4	<b>Transports</b> <b>Adopt the General Transport Master Plan (GTMP)/</b> Create the strategic framework for the development of the transport infrastructure							
	Complete the elaboration and adoption of the piece of legislation regarding the GTMP	GD No 666/2016 on the approval of the strategic document General Transport Master Plan of Romania	The draft GD approving GTMP was approved in the Government meeting from 14 September 2016.		-	Ensuring the continuity in applying the provisions of GTMP as well as the necessary financial resources: the absorption of ESIF, budget allocations, other financial sources.	-	The balanced, sustainable and harmonized with EU objectives development of the transport infrastructure in Romania
4	<b>Transports</b> <b>Establishment of the Authority for Railway Reform (ARF)/</b> Create the prerequisite for implementing GTMP (railway reform)							
	Establishing and rendering operational ARF in order to ensure the policy for the strategic planning of the necessary measures for concentrating the rail network on a network that can be efficiently managed.	GEO No 62/2016 on the establishment of the Authority for Railway Reform GD No 98/2017 on the organization and functioning of ARF	The Law approving GEO No 62/2016 was adopted by the Senate (8 February 2017) and by the Chamber of Deputies (14 March 2017).	Create the necessary conditions for the functioning of ARF starting Q3/2017 (e.g. employing personnel).	-	Ensure the necessary conditions for the optimum functioning of ARF (financial and specialized human resources).	-	Improve the governance of the railway sector in order to implement, in a coordinated and efficient manner, the GTMP railway reform objectives.
4	<b>Transports</b> <b>Signing of performance contracts with the road and rail transport infrastructure operators/</b> Create the prerequisite for implementing GTMP							
	Establish the rights and obligations of the transport infrastructure operators regarding the submission of funding applications, the monitoring of the transport infrastructure projects, the submission of reimbursement requests, as well as the result indicators that are based on the direct relationship between the use of structural funds and the results achieved from their use.	Order of the Minister of Transport on the approval of the model for the performance contracts	GEO No 83/2016 which provides, inter alia, the signing of performance contracts with the beneficiaries of structural funds in the road and rail transport field was adopted in November 2016. In December 2016, the model for the performance contracts was in the process of internal approval within MT. Between February and March 2017, the draft Order was under public consultation.	Approval, through ministerial order, of the model for the performance contracts and signing the contracts in Q2/2017.	-	Failure to comply with contractual provisions (including performance indicators), mainly due to the risks of delays caused by certain legal provisions and the lack of experts in some fields (e.g. public procurement).	-	Ensuring a high level for the management of the transport infrastructure.

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	Information on planned and already enacted measures							Foreseen impacts
	Description of the measures of direct relevance to address the CSRs				Europe 2020 objectives	Challenges/ Risks	Budgetary implications	Qualitative elements
	Description of the measure	Legal/ administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 objectives	Specific Challenges/ Risks in implementing measures	Overall and yearly change in government	Qualitative description of foreseen impacts and their timing
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
3	<b>Transports</b> <b>Signing the public service contract for subway transport/</b> Create the prerequisite for implementing GTMP							
	Establishing the rights and obligations related to the supply of subway transport services and to de development of underground transport infrastructure.	Order of the Minister of Transport No 350/2017 on the approval of the public service contract for subway transport for the 2016-2018 period	The public service contract for subway transport between MT and METROREX was signed in April 2016 and it allows the financing of underground infrastructure projects from ESIF 2014-2020.		-	Compliance by the signatory parties to the contract clauses.	-	Ensuring the necessary framework for accessing ESIF allocated for the development of the underground transport infrastructure.
4	<b>Transports</b> <b>Improving the legislative framework to accelerate the implementation of infrastructure projects/</b> Create the prerequisite for implementing GTMP (legislative amendments)							
	Identification of legislative provisions which determine bottlenecks/ delays in implementing infrastructure projects and their amendment towards simplification.	GEO No 7/2016 on measures to accelerate the implementation of transport infrastructure projects GEO No 83/2016 on measures to streamline the implementation of transport infrastructure projects	Legislative simplifications related to agricultural and forestry circuit-construction permits, relocation of utilities; the development of a mechanism for the reimbursement of phased projects; the simplification of the reimbursement of invoices; road safety audit amendment to allow the opening for circulation of the completed sections immediately after the reception of construction works etc.	Collaboration between MT and ANAP for the simplification of public procurement in transport field, in order to shorten the period for signing the public procurement contracts.	-	Inter-institutional coordination for the identification of legislative provisions that determine bottlenecks/ delays and possible measures for simplification.	-	Unblocking the construction work for 160 km of highway and the procedures for launching of call and elaboration of feasibility studies or technical projects for 730 km of highway and 336 km of expressways.
4	<b>Transports</b> <b>Optimizing the organizational structure of MT for a better management of European funds and major infrastructure projects/</b> Create the prerequisite for implementing GTMP							
	Setting up the Directorate General Intermediary Body for Transport (DGIBT)	GD No 103/2016 amending and supplementing GD No 21/2015 on the organization and functioning of MT, according to GEO No 68/2015 approving some measures related to the management of structural instruments in transport field.	Starting May 2016, DGIBT was set up within MT and by the end of Q4/2016, DGIBT was 100% functional.		-	Maintaining human resources specialized in the management of structural funds.	-	Ensuring an adequate and efficient management in the evaluation, selection and monitoring of the implementation of transport infrastructure projects.

No CSR	CSR sub-categories / Short title of the measure/ Main policy objectives and relevance for CSR							
	Information on planned and already enacted measures							Foreseen impacts
	Description of the measures of direct relevance to address the CSRs				Europe 2020 objectives	Challenges/ Risks	Budgetary implications	Qualitative elements
	Description of the measure	Legal/ administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 objectives	Specific Challenges/ Risks in implementing measures	Overall and yearly change in government	Qualitative description of foreseen impacts and their timing
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
4	<b>Transports</b> <b>Develop the transport infrastructure/</b> Implement GTMP (Develop the transport infrastructure, on all transport modes)							
	Building/ upgrading the TEN-T road and rail networks, developing a multimodal, high-quality, sustainable and efficient transport system and stimulating mobility at regional level	n.a.	<b>MT</b> 32 phased projects are in implementation (out of which two projects will be submitted to EC assigned by the end of semester new projects for evaluation): 1) Develop road infrastructure <sup>201</sup> (15 projects); 2) Develop rail infrastructure <sup>202</sup> (10 projects); 3) Develop metro infrastructure <sup>203</sup> (four projects); 4) Develop airport infrastructure <sup>204</sup> (one project) In Q1/2017, the financing contract for the development of one airport infrastructure (Craiova Airport) has been signed.	<b>MT</b> The contracts for the phased projects are estimated to be assigned by the end of semester 1/2017.	Increase employment  Reduce GHG emissions  Increase energy efficiency	Prepare high-quality projects and implement them on time. Ensuring the necessary funds for the co-financing of projects.	<b>MT - LIOP</b> 730 million Euro (estimated claims for reimbursement from ERDF and CF)	Efficient and sustainable infrastructure development contributing to the increase of connectivity at both national and regional levels, to the competitiveness growth for companies, to stimulating the labour force mobility and to the reduction of GHG emission from the transport sector.
			<b>MDRAPFE</b> 2016 call for proposals for projects aiming at <i>stimulating mobility at regional level</i> <sup>205</sup> : out of the 43 submitted projects, 17 projects are under evaluation procedure, as	<b>MDRAPFE</b> Contracting the projects approved. Carrying out the call for proposals launched in December 2016 with the			<b>MDRAPFE - ROP</b> 4.821,43 million Lei (ERDF+ state budget)	

<sup>201</sup> Call for proposals based on a list of priority/ pre-identified projects: LIOP, Priority Axis 1 Improving mobility through the development of TEN-T network and metro transport: Specific Objective 1.1 – Increasing mobility through the development of road transport on core TEN-T network; Priority Axis 2 Developing a multimodal, high-quality, sustainable and efficient transport system: Specific 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.

<sup>202</sup> Call for proposals based on a list of priority/ pre-identified projects: LIOP, Priority Axis 1 Improving mobility through the development of TEN-T network and metro transport: Specific Objective 1.2 – Increasing mobility through the development of rail transport on core TEN-T network; Priority Axis 2 Developing a multimodal, high-quality, sustainable and efficient transport system: Specific Objective 2.7 – Increasing sustainability and quality of railway transport.

<sup>203</sup> Call for proposals based on a list of priority/ pre-identified projects: LIOP, Priority Axis 1 Improving mobility through the development of TEN-T network and metro transport: Specific Objective 1.4 – Increasing the use of underground transport in Bucharest – Ilfov.

<sup>204</sup> Call for proposals based on a list of priority/ pre-identified projects: LIOP, Priority Axis 2 Developing a multimodal, high-quality, sustainable and efficient transport system: Specific Objective 2.3 – Increasing the sustainable use of airports.

<sup>205</sup> ROP, Investment Priority 6.1 – *Enhancing regional mobility by connecting secondary and tertiary nodes to TEN-T infrastructure, including multi-modal nodes*

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	Information on planned and already enacted measures							Foreseen impacts
	Description of the measures of direct relevance to address the CSRs				Europe 2020 objectives	Challenges/ Risks	Budgetary implications	Qualitative elements
	Description of the measure	Legal/ administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 objectives	Specific Challenges/ Risks in implementing measures	Overall and yearly change in government	Qualitative description of foreseen impacts and their timing
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			follows: 15 projects are accepted for the technical and financial evaluation phase (TFE) and two projects are under TFE (15 March 2017).	submission deadline in July 2017: by 15 March 2017, three projects out of the 14 submitted projects were rejected. Out of the 11 accepted projects, two are in the phase of administrative compliance and eligibility, six are accepted for the phase of TFE and three projects are under the TFE procedure.				
<b>4</b>	<b>Prioritizing and preparing public investment</b>							
	<b>Improving authorities' capacity concerning strategic prioritization, preparing and selecting public investment projects / Improve the management of public investment</b>							
	WB's recommendations formulated in the technical assistance project carried out during 2014-2015 were at the basis of starting an improvement process of the legislation governing the prioritization of significant public investment projects, which will help to strengthen the role of MFP and of the Public Investment Evaluation Unit (UEIP).	GEO No 88/2013 on adopting fiscal-budgetary measures in order to accomplish arrangements agreed with international institutions and on modifying and completing some normative acts, approved with amendments through Law No 25/2014 on approving the methodological norms concerning the prioritisation of public investment project	In June 2016, the provisions of GEO No 88/2013 (Chapter II) were completed, in order to ensure the link between the prioritization of significant public investment projects and their budgeting; therefore, when drafting their budgets, the main credit coordinators have the obligation to comply with the results of the prioritization of the significant public investment projects. Also, based on the amendments made to GEO No 88/2013, a draft normative act was developed in order to complete and amend the secondary level legislation (the methodological norms regarding the prioritization of public investment projects, approved by GD No 225/2014).	WB's conclusions show that the public investment portfolio needs to be rationalized, as the public investment programme has few financial resources as compared to the number of projects submitted for funding, leading to a low efficiency of public spending. In order to facilitate the testing of the mechanisms and of the rationalization criteria proposed by WB, MFP in cooperation with MT will carry out a pilot exercise in 2017, for identifying the projects that should be moved in the rationalization programme.	-	-	-	Improving the quality of public investment projects' preparation, strengthening the link between prioritized projects and EU structural fund as well as state budget.

No CSR	CSR sub-categories / Short title of the measure/ Main policy objectives and relevance for CSR							
	Information on planned and already enacted measures							Foreseen impacts
	Description of the measures of direct relevance to address the CSRs				Europe 2020 objectives	Challenges/ Risks	Budgetary implications	Qualitative elements
	Description of the measure	Legal/ administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming steps	Estimated contribution to Europe 2020 objectives	Specific Challenges/ Risks in implementing measures	Overall and yearly change in government	Qualitative description of foreseen impacts and their timing
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
4	<b>Prioritizing and preparing public investment</b>							
	<b>Setting a new direction for assistance on initiation and implementation of public investment projects under public-private partnership regime / Improve the management of public investment</b>							
	According to GD No 447/2016 on amending and completion of GD No 34/2009 on the organization and functioning of MFP, MFP has an obligation to provide specialized assistance to contracting authorities in the preparation, assignment and implementation of public investment projects under public-private partnership regime.	GD No 447/2016 on amending and completion of GD No 34/2009 on the organization and functioning of MFP	In 2016 a new structure was set up within MFP – the Public Investment Management Directorate (DMIP), which will provide professional assistance to contracting authorities concerning the preparation, award and implementation of public investment projects. The Directorate has an approved regulation for organization and operation and in the next period, experienced personnel will be hired. During 2016, MFP's General Directorate for Spending and Public Investment Management (where DMIP will operate) cooperated with MS's representatives in order to access EBRD's infrastructure project preparation facility for the pilot Infrastructure Modernization Programme. MFP's representatives were in the commission that negotiated the Agreement with EBRD, which aimed at carrying out the feasibility studies and tender documentation for the expansion/ modernization of two hospitals.	Following the analysis of Law No 233/2016 regarding public-private partnership and in order to ensure a normative framework for the successful implementation of these projects, it was decided to initiate the steps for amending the legislation in force and subsequently to develop methodological norms. In this respect, a working group (which had a first meeting in late March 2017) was set up, including institutions that can contribute at drafting the legal framework. At the same time, the support of the International Financial Institutions (EIB, EBRD, and WB) has been requested in order to benefit from their experience and expertise.				Providing specialized assistance to MS in order access the infrastructure facility of EBRD. Providing specialized assistance to contracting authorities in the preparation, assignment and implementation of public investment projects under public-private partnership regime.

## ANNEX 2 – NATIONAL EUROPE 2020 TARGETS

Europe 2020 objectives	National 2020 target	INDICATORS EVOLUTION							
		Initial value/ year	2010	2011	2012	2013	2014	2015	2016
<b>1. Employment rate for population aged 20-64</b>	<b>70%</b>	-	<b>64.8%*</b>	<b>63.8%*</b>	<b>64.8%*</b>	<b>64.7%*</b>	<b>65.7%**</b>	<b>66%**</b>	<b>66.3%**</b>
<b>2. Gross expenditure on R&amp;D (% of GDP)</b>	<b>2%</b> (1% public sources + 1% private sources)	<b>0.46%**</b> (0.27% public+ 0.19% private)/ <b>2009</b>	<b>0.45%**</b> (0.28% public+ 0.17% private)	<b>0.49%**</b> (0.31% public+ 0.18% private)	<b>0.48%**</b> (0.29% public+ 0.19% private)	<b>0.39%**</b> (0.27% public+ 0.12% private)	<b>0.38%**</b> (0.22% public+ 0.16% private)	<b>0.49% GDP**</b> (0.27% public+ 0.22% private)	<b>n.a.</b>
<b>3. Climate change and energy (20-20-20)</b>									
<i>Index of greenhouse gas emissions (excluding LULUCF), 1990 base year</i>	<b>80</b>	<b>100/1990</b>	<b>49.09</b>	<b>51.57</b>	<b>50.52</b>	<b>46.85</b>	<b>46.86</b>	<b>47.28</b>	<b>n.a.</b>
<i>Index of greenhouse gas emissions in non-ETS sectors<sup>206</sup>, 2005 base year<sup>207</sup></i>	<b>119</b>	<b>100/2005</b>	<b>102.64</b>	<b>105.85</b>	<b>107.62</b>	<b>102.10</b>	<b>102.00</b>	<b>103.59</b>	<b>n.a.</b>
<i>Share of energy from RES in the gross final energy consumption</i>	<b>24%</b>	<b>17.6%*/2005</b>	<b>23.4%*</b>	<b>21.4%*</b>	<b>22.8%*</b>	<b>23.9%*</b>	<b>26.27%<sup>208</sup></b>	<b>24.8%*</b>	<b>n.a.</b>
<i>Increase energy efficiency Reduction of primary energy consumption</i>	<b>19%</b> (10 Mtep)	-	<b>n.a.</b>	<b>16.9%<sup>209</sup></b> (7.25 Mtoe)	<b>16.6%</b> (7.3 Mtoe)	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>
<i>Primary energy consumption (Mtoe)</i>	<b>43<sup>210</sup></b>	<b>33.9/2009*</b>	<b>34.3*</b>	<b>34.8*</b>	<b>33.6*</b>	<b>31.0*</b>	<b>30.6*</b>	<b>31.3*</b>	<b>n.a.</b>
<b>4. Education</b>									
<i>Early school leaving</i>	<b>11,3%</b>	<b>15.9%/2008</b>	<b>19.3%*</b>	<b>18.1%*</b>	<b>17.8%*</b>	<b>17.3%*</b>	<b>18.1%*</b>	<b>19.1%*</b>	<b>18.5%<sup>p*</sup></b>
<i>Share of population aged 30-34 years with tertiary education level</i>	<b>26,7%</b>	<b>16%/2008</b>	<b>18.3%*</b>	<b>20.3%*</b>	<b>21.7%*</b>	<b>22.9%*</b>	<b>25%*</b>	<b>25.6%*</b>	<b>25.5%<sup>p*</sup></b>
<b>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</b>	<b>Reducing with 580 thousand</b> the no of people at risk of poverty or social inclusion as compared to 2008	<b>0/2008</b>	<b>- 689 thousand people *</b>	<b>- 849 thousand people *</b>	<b>- 441 thousand people *</b>	<b>- 723 thousand people *</b>	<b>- 1.071 thousand people *</b>	<b>- 1.680 thousand people *</b>	<b>n.a.</b>

\* Source: Eurostat

\*\* Source: National Institute for Statistics

<sup>206</sup> Sectors not covered by the GHG Emissions Trading Scheme - EU ETS

<sup>207</sup> Data provided by MM, according to the last version of the *National Greenhouse Gas Inventory Report* (INEGES), drafted by Romania in March 2017, for the period 1989-2015.

<sup>208</sup> According to the value reported by Romania to EC in the *Progress Report of Romania on the promotion and use of renewable energy*

<sup>209</sup> Data estimated by ME

<sup>210</sup> The first *National Action Plan on Energy Efficiency* (PNAEE 1)

### ANNEX 3 –REPORTING TABLE ON NATIONAL EUROPE 2020 OBJECTIVES

Progress on implementation	List of measures that were implemented in response to the commitment and their state of play	Impacts of the measures (qualitative and/or quantitative)
<i>National Europe 2020 objectives</i>		
<p><b>National employment target [Employment rate (20-64): 70%]</b></p> <p>In the year 2016, the employment rate age group 20-64 peaked at 66.3%, still at a distance of 3.7 percentage points below the national target Europe 2020.</p>	<p><b>Facilitating transition from unemployment or inactivity to employment</b></p>	<ul style="list-style-type: none"> <li>- <i>Legislation on unemployment insurance system</i> was amended, activation and relocation incentives were introduced, and amounts of job commitment and sign-on bonuses and employers' subsidy were increased. <i>First wage</i> programme and a new bonus would be established (in order to encourage young graduates who are employed within 60 days after the graduation to enrol themselves in ANOFM database, as an alternative to the elimination of unemployment benefits).</li> <li>- 425 solidarity agreements were concluded under the Employment programme for young people at risk of social marginalization, so that 297 young persons entered the labour market (out of which 100 post - institutionalized persons, 106 young people without a family or whose family cannot provide their living expenses, 61 young persons with dependent children and 26 disabled young persons).</li> <li>- Training programmes dedicated to jobseekers encouraged the employment of 11,761 persons, within 12 months after their graduation. ANOFM facilitated the participation in training programmes of 27,065 persons (out of which 26,194 unemployed, 446 persons deprived of liberty, 131 persons benefiting by validation of skills acquired in informal and non-formal learning and 167 persons attending apprenticeship programmes).</li> <li>- Employment programme, financed under UIB, led to employment at about 290,000 persons, out of which more than 56,800 young persons aged less than 25 years old and about 23,600 persons belonging to disadvantaged groups.</li> </ul>
	<p><b>Diversifying rural economy</b></p>	<ul style="list-style-type: none"> <li>- 2014-2020 EAFRD finances farmers' training:                             <ul style="list-style-type: none"> <li>• 80 projects amounting 6.73 million Euro were submitted under the call for proposals <i>Training of farmers undertaking voluntarily commitments under measure 10 – Agro-environment-climate</i>; the assessment report was published in March 2017</li> <li>• 174 projects were submitted under the call for proposals <i>Training of farmers, in particular beneficiaries of Sub-measures 6.1 – Support to set up young farmers</i> and <i>6.3 – Support to develop small farms</i>; project assessment is on-going</li> </ul> </li> <li>- 2014-2020 EAFRD financed the setup of non-agricultural enterprises in rural areas; in March 2017, 1,265 projects were contracted (amounting 76.81 million Euro); according to data recorded in the application forms, 1,300 new jobs are estimated to be created</li> <li>- To develop non-agricultural businesses by the existing enterprises/farms, 484 projects were contracted (amounting 44.77 million Euro), out of which 295 contracts amounting 16.48 million Euro were transferred under transitional provisions to 2014-2020 NRDP; 397 new jobs were created as a results of some contracts conclusion. According to data recorded in application forms, 377 new jobs are estimated to be created as a result of the implementation of contracts signed in 2014-2020 programming period</li> <li>- 3,740 projects (amounting 121.70 million Euro) were contracted under the measure of setting up young farmers, out of which 1,189 contracts (amounting 15.12 million Euro) were</li> </ul>

Progress on implementation	List of measures that were implemented in response to the commitment and their state of play	Impacts of the measures (qualitative and/or quantitative)
<p><b>Research and development (R&amp;D) target [2% of GDP]</b></p> <p><b>In 2015, the total gross expenditure on R&amp;D reached 0.49% of GDP (0.27% of GDP – public sector and 0.22% of GDP – private sector)<sup>211</sup></b>, up by 0.11 pp. as compared to 2014, out of which 0.05 pp. for public sector expenditure and 0.06 pp. for private sector expenditure.</p> <p>In 2015, <b>3,476.9</b> million Lei were spent on R&amp;D field, in its four sectors of performance<sup>212</sup>, up from 2014 (2,555.7 million Lei). The <b>expenditure on applied research</b> accounted for 50% of total expenditure (up by 6.6 pp. compared to 2014), those on <b>basic research</b> 30% (down by 5.3 pp. compared to 2014) and the expenditure on <b>experimental development</b> fell by 0.7 pp. from 20.7% in 2014 to 20% in 2015.</p> <p>As for the <b>sources of funds</b> of the</p>	<p><b>Developing human resources for research</b></p>	<p>transferred under transitional provisions to 2014-2020 NRDP in order to be completed</p> <p>- Under NP III<sup>213</sup>, 14 research fellowships (amounting 454 thousand Lei) and 47 mobility projects for young researchers and experienced researchers from Diaspora (amounting 320.8 thousand Lei) were financed, the publication of 1,366 scientific articles was awarded, 3 projects (amounting 2.25 million Lei) for supporting researchers with excellent results in competitions organized by the European Research Council (ERC) were contracted and 936 projects for exploratory research and 177 complex projects for frontier research were under evaluation.</p> <p>ERDF finances projects for <i>attracting high skilled researchers from abroad</i><sup>214</sup> in order to create scientific and technology competence centres in the smart specialization fields, within an R&amp;D institution or a host enterprise with R&amp;D activity. In Q1/2017, out of the 208 projects submitted to the 2015 call for proposals, the 51 projects selected for financing were in the contracting process (the amount of financial assistance grants - about 427 million Lei).</p>
	<p><b>Developing R&amp;D infrastructure</b></p>	<p>- At the call for proposals for creating or upgrading public and private R&amp;D centres and labs (financed from ERDF)<sup>215</sup>, out of the 158 submitted projects, 25 projects selected for financing (the amount of financial assistance grants - 575 million Lei) were in the contracting process: 12 projects for R&amp;D departments in enterprises, 4 projects for innovative clusters and 9 for public R&amp;D infrastructures. A new call for proposals is envisaged to be launched in Q4/2017.</p>
	<p><b>Promoting the access to scientific research literature for all research organizations</b></p>	<p>- Under the project <i>Anelis Plus</i>, the national electronic repository for scientific publications<sup>216</sup> was created For the 88 institutions subscribed, the repository makes available 24 electronic archives of specialized publications and ensures the mobile access to other electronic scientific resources<sup>217</sup>. In order to ensure the delivery of the services provided through this infrastructure for the next five years, following the call of proposals (launched in September 2016), in December 2016, the project <i>Anelis Plus 2020</i> was selected for financing from ERDF<sup>218</sup>.</p>
	<p><b>Developing the administrative capacity of MCI to implement certain actions provided in the National Strategy for RDI 2014-2020 (NSRDI 2020)</b></p>	<p>- In September 2016, the financing contract for the project <i>Developing the administrative capacity of MCI to implement certain actions provided in the National Strategy for RDI 2014-2020</i> was signed<sup>219</sup>. The project has as main objectives the elaboration of the <i>National Roadmap on Research Infrastructure Development Priorities</i> (Q4/2017), the development of</p>

<sup>211</sup> Provisional data published by INS in the *Communication No 299/16 November 2016 on the R&D activity in 2015*.

<sup>212</sup> The performance sectors are: the business performance sector, the government performance sector, the higher education performance sector, the non-profit private performance sector. The public sector comprises by the government and higher education performance sectors and the private sector comprises the business and non-profit private performance sectors.

<sup>213</sup> NP III, Programme 1 – Develop the national R&D system: Sub-programme 1.1. – *Human resources*

<sup>214</sup> COP, Action 1.1.4 (Applicant Guide, section E) – *Attract high skilled researchers from abroad*

<sup>215</sup> COP, Action 1.1.1 – Large R&D infrastructures (Applicant Guide sections: A – *Investments for R&D departments in enterprises*, 2015 budget allocation - 131 million Lei; B – *Innovative clusters*, 2015 budget allocation – 156 million Lei and F – *Investment projects for public R&D institutions/ universities*, 2015 budget allocation – 365 million Lei)

<sup>216</sup> <https://dspace.anelisplus.ro/xmlui/>

<sup>217</sup> [www.e-nformation.ro](http://www.e-nformation.ro) and [www.ebscohost.com](http://www.ebscohost.com)

<sup>218</sup> COP, Action 1.1.2 – *Developing networks of R&D centres, nationally coordinated and linked with European and international R&D networks and ensuring access for researchers to European and international scientific publications and data bases*. Financial allocation from ERDF for *Anelis Plus 2020* - about 41.5 million Euro.

<sup>219</sup> 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)

Progress on implementation	List of measures that were implemented in response to the commitment and their state of play	Impacts of the measures (qualitative and/or quantitative)
<p>R&amp;D total expenditure in 2015, the public funds have the highest weight, namely 41.7% (down from 48.6% in 2014), followed by the sources from enterprises, 35.9% respectively (up from 32.9% in 2014).</p> <p>At the end of 2015, the <b>no. of employees in R&amp;D activity</b> was 43,448 persons (up from 42,963 persons in 2014), out of which 45.8% were women. As for the level of training, the employees' structure was as follows: 84.4% were persons who graduated higher education (up by 4.1 pp. as compared to 2014) and 15.6% persons with different level of training, exclusive higher education.</p>		<p>the mechanisms for monitoring and evaluation, data collection and entrepreneurial discovery (Q3/2019), as well as the improvement of knowledge and skills of the personnel employed in the central public institutions and authorities.</p> <p>In 2016, CRIC was reactivated in order to update the national roadmap on research infrastructures based on: the R&amp;D priorities of smart specialisation and national relevance; the investments already made; the ex-ante evaluation of the use of proposed infrastructure; the commitment to open the access to infrastructure to other public research operators. In Q4/2016, CRIC finalised the <i>Strategy Report on Research Infrastructures in Romania</i>, which presents an analysis of the national R&amp;D infrastructure evolution, of the Romanian participation in pan-European R&amp;D infrastructures, of the need to further develop the <i>National Register of Research Infrastructures in Romania</i> – ERRIS platform and of the funding of infrastructure project from ESIF. In Q1/2017, CRIC elaborated the methodology for developing the roadmap.</p>
	<p><b>Evaluation, classification and certification of the national R&amp;D institutes (NRDI)</b></p>	<p>- In 2016, the process of evaluation, classification and certification of the 47 NRDI was finalised and all NRDI were granted classifications from A+, A and A- categories, thus being certified for receiving institutional financing for core R&amp;D programmes (own programmes of each NRDI). In 2016, the selection, based on competition, of general managers for 24 NRDI took place and five other section competitions are to be organised. The selection criteria refers to the economic sustainability of the institute, the impact of the research activity on the national economic environment and to the efficiency of the management activity at the scientific – technical, economic and administrative levels<sup>220</sup>.</p>
	<p><b>Stimulating enterprises demand for innovation</b></p>	<p>- ERDF finances RDI projects developed by start-ups, spin-offs or newly-created innovative enterprises, individually or in partnership with R&amp;D institutes/ universities. Following the calls of proposals<sup>221</sup> launched in 2015, 109 projects were submitted. By Q1/2017, 36 projects were contracted, out of the 38 projects selected for financing (amount of financial assistance grants – 134.6 million Lei): 16 projects developed by start-ups and spin-offs and 22 by newly-created innovative enterprises. In Q2/2017, the call of proposals for innovative technological projects is to be launched.</p>
	<p><b>Creating public-private partnerships for R&amp;D and transfer of knowledge</b></p>	<p>- ERDF financially support projects for creating <i>Knowledge Transfer Partnership</i><sup>222</sup> that facilitates business access to the portfolio of activities and material and human resources of R&amp;D organizations. Following the 2015 call for proposals, out of the 75 projects submitted, 47 projects selected for financing were contracted (amount of financial assistance grants – about</p>

<sup>220</sup> According to *GO No 41/2015 amending and supplementing GO No 57/2002 on scientific research and technological development* and *GD No 97/2016 amending and supplementing GD No 1062/2011 approving the methodological norms for the evaluation and classification in order to certify the units and institutions from the national R&D system*, as well as to *GD No 576/2016 on the approval of the Methodology regarding the competition for the position of general manager of national R&D institutes*

<sup>221</sup> COP, Action 1.2.1 – Stimulating enterprises demand for innovation through RDI projects (Applicant Guide, sections C – *Projects of innovative start-ups and spin-offs*, 2015 budget allocation - 80 million Lei and D – *Projects of newly-created innovative enterprises*, 2015 budget allocation - 107 million Lei)

<sup>222</sup> COP, Action 1.2.3 (Applicant Guide, section G) – *Partnership for knowledge transfer*

Progress on implementation	List of measures that were implemented in response to the commitment and their state of play	Impacts of the measures (qualitative and/or quantitative)
		<p>476 million Lei).</p> <p>By Q1/2017, under NP III<sup>223</sup>, 56 projects for the production and approval of prototypes/ pilot plants and 126 projects for assimilation and development of modern technologies in enterprises by using the expertise from R&amp;D organisations were contracted, 2,074 experimental-demonstrative projects were under evaluation and 166 projects were submitted within the sub-programme <i>Innovation vouchers</i>.</p>
	<p><b>Promoting fiscal facilities for R&amp;D</b></p>	<p>- In 2016, both the norms for applying the additional tax deduction of 50% for R&amp;D expenditure of enterprises in establishing the taxable profit<sup>224</sup> (which also sets the establishment of the Register of experts and the elaboration of a methodology for expertise) and the wage tax exemption for RDI activities performed by qualified personnel<sup>225</sup> were published. In order to monitor the impact of applying these facilities, a draft Memorandum is under discussion at inter-ministerial level. This Memorandum is intended to ensure the necessary framework for applying the legislative act without further norms and instruction (the specific terms being already defined and used) and it envisaged the creation of a mechanism for monitoring the impact and verification of tax exemption by developing of a data base under the management and responsibility of MCI that will also include information related to employees, employers and the volume of R&amp;D activities performed during each financial year.</p>
	<p><b>Consolidate the European/ international dimension of RDI</b></p> <p>- Supporting Romanian participation in European and international RDI programmes</p>	<p>- By the end of Q1/2017, the development of over 375 projects under <i>Horizon 2020</i> involved Romanian participation (more than 52 contracts assumed by SMEs), the total value of projects amounting to 85.3 million Euro (out of which approx. 66.3 million Euro attracted from European funds, mostly under the programmes <i>Efficient, safe and clean energy</i>, <i>Safe societies, protect the freedom and security of Europe and its citizens</i> and <i>ICT</i>).</p> <p>NP III<sup>226</sup> financed 236 projects worth 35.9 million Lei as follows: 104 projects in ERA NET system, as part of the participation to <i>Horizon 2020</i>; 33 projects representing the contribution of MCI to the implementation of art. 185 of TFUE (which provides for the establishment of transnational cooperation initiatives for financing projects); awards granted for 21 projects developed under <i>Horizon 2020</i> with Romanian coordinator or Romanian leader of work package and 78 bilateral projects that are in implementation.</p> <p>Creating synergies with RDI activities of European and international programmes<sup>227</sup> is financially supported by ERDF. To the calls of proposals launched in Q4/2016, 6 projects were submitted by 15 March 2017. These projects aims at supporting Romanian participation in Joint Technology Initiatives (JTI) or in pan-European research infrastructures of ERIC type (European Research Infrastructure Consortium) or mentioned as active projects in ESFRI</p>

<sup>223</sup> NP 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

<sup>224</sup> The Common Order of the Minister of Finance No 1056/2016 and of the Minister of Education No 4435/2016 on the approval of Rules regarding the deductions for R&D expenses in establishing taxable profit

<sup>225</sup> The Common Order of the Minister of Economy No 899/2016, Minister of Finance No 2018/2016, Minister of Education No 4947/2016, Minister of Labour No 1840/2016 and Minister of Rural development No 906/2016 on employment in applied R&D and/ or technological development

<sup>226</sup> NP III, Programme 3 – European and international cooperation, sub-programmes 3.2 – Horizon 2020, 3.5 – Other European and international initiatives and programmes and 3.6 – Support.

<sup>227</sup> COP, section H – Creating synergies with RDI activities of Horizon 2020 and other international programmes

Progress on implementation	List of measures that were implemented in response to the commitment and their state of play	Impacts of the measures (qualitative and/or quantitative)
	<p>- Developing framework programmes for bilateral collaboration with developed countries in high tech fields</p> <p><b>Implementing the pan-European research infrastructure projects <i>Extreme Light Infrastructure – Nuclear Physics (ELI-NP)</i> and <i>International Centre for Advanced Studies on River –Sea Systems DANUBIUS-RI</i></b></p>	<p>Roadmap 2016 (projects implemented or for which the implementation started).</p> <p>- By Q1/2017, the development of partnerships for implementing RDI projects in bilateral cooperation<sup>228</sup> focused on the relation with USA and Israel in order to carry out joint activities within some projects of major interest for Romania (ELI-NP, DANUBIUS-RI and ALFRED) or other RDI projects in the fields of energy, environment, ICT, health sciences, space and security.</p> <p>- The implementation of the pan-European project <b>ELI-NP</b> continued: due to the completion of construction works, the reception of the special buildings (laser-gamma, experiment labs) and civil buildings was carried out; the necessary activities for putting into function the laser and gamma systems are ongoing, including procurement procedures for equipments required for the experiments related to laser and gamma systems; the preparatory activities for the additional construction works approved by EC, namely the direct access from Bucharest ring road and the tunnel linking the gamma building with the building of former disposed reactor, are also in progress.</p> <p>In order to support Romanian contribution to the <i>European Strategy for Danube Region</i> in the RDI field, prerequisites for the development of <b>DANUBIUS-RI</b> Centre were ensured: in October 2016, the Government approved the activities required for starting the construction of the Romanian infrastructure components (the hub and the data centre); in order to ensure the legal, financial and technical maturity for the development of DANUBIUS-RI, the project Danubius – PP (Preparatory Phase) is developed with funding from Horizon 2020 (implementation period December 2016 – November 2019); the activities related to drafting the major project proposal for the financing of Romanian components from ERDF are in progress<sup>229</sup>.</p>
<p><b>National GHG emission target for 2020: [19% increase of non-ETS emissions<sup>230</sup> comparing to 2005 level]</b></p> <p>According to the latest data available<sup>231</sup>, <b>non-ETS emissions<sup>232</sup> increased between 2005 and 2015 by 3.59%</b> (from 71.34 million tonnes CO<sub>2</sub> equivalent to 73.90 million tonnes CO<sub>2</sub> equivalent). Romania meets the target regarding</p>	<p><b>Reducing GHG emissions in the energy sector</b></p> <p>- Financing through LIOP the integrated heating projects (the phased projects inclusively) which ensures the continuation of the investments approved during the 2007-2013 exercise through SOP ENV and uncompleted by the end of 2015.</p> <p><b>Limiting GHG emissions in the transport sector:</b></p> <p>- Installing the alternative fuel infrastructure</p>	<p>Reducing GHG emissions and pollution in the energy sector</p> <p>- The call for projects for district heating under LIOP - Priority Axis 7 was launched on 9 June 2016. The call targets 7 pre-identified cities (Oradea, Timisoara, Ramnicu Valcea, Focsani, Iasi, Bacau, and Botosani) and a phased project (Bacau).</p> <p>- So far a single project was submitted, which is under contracting stage, and three other projects are in various stages of preparation (i.e. Oradea, Iasi, Focsani).</p> <p>Modernizing the transport sector in order to render more efficient the use of resources and to reduce GHG emissions.</p> <p>- The financing guide was approved (through the MMAP Order No 1559/2016, as amended and supplemented by the MMAP Order No 2.315/2016). Between 15 September and 15 October 2016, a grant application session was held and the applications will be evaluated after the publication of the new amendments to the financing guide.</p>

<sup>228</sup> NP III, Programme 3 – European and international cooperation, sub-programme 3.1 – Bilateral/Multilateral

<sup>229</sup> In 2015, the project was included on ESFRI Roadmap (European Strategic Forum for Research Infrastructures).

<sup>230</sup> The emissions from sectors not covered by the *European Union Emission Trading Scheme* (ETS)

<sup>231</sup> Data supplied by MMAP, according to the latest version of the National Greenhouse Gas Inventory (INEGES), drafted by Romania in **March 2017, for the period 1989-2015.**

<sup>232</sup> The GHG emissions from sectors not covered by the European Union Emission Trading Scheme - EU ETS

Progress on implementation	List of measures that were implemented in response to the commitment and their state of play	Impacts of the measures (qualitative and/or quantitative)
<p>non-ETS emissions, assumed under Decision No 406/2009/EC.</p>	<ul style="list-style-type: none"> <li>- Stimulating car fleet renewal</li>   <li>- Accrediting some Romanian airports according to the carbon management certification standard for airports, stipulated by the <i>Airport Carbon Accreditation Programme</i><sup>233</sup></li> </ul>	<ul style="list-style-type: none"> <li>- In 2016, 25,977 old cars with high level of emissions were scrapped under the <i>RABLA Programme</i> (the amount spent from the Environment Fund was 144.67 million Lei)</li> <li>- In 2016, 45 new green vehicles of which 39 electric and six hybrid cars were purchased under the <i>RABLA PLUS Programme</i> (the amount spent from the Environment Fund was 0.81 million Lei)</li> <li>- The <i>Bucharest Henri Coanda International Airport</i> (AIHCB) obtained the certification for the second level of accreditation, according to the carbon management certification standard for airports. For the first level accreditation of the Bucharest Baneasa International Airport - Aurel Vlaicu (AIBB-AV), the inventory phase of the emission sources and the collection of the data necessary for calculating the carbon footprint was completed and the data checking and validation process is on-going by a third party verifier competent in the ACA procedures and standards.</li> </ul>
	<p><b>Mitigating the effects of climate change:</b></p> <ul style="list-style-type: none"> <li>- Afforestation of degraded land and expansion of green areas in cities.</li> </ul>	<p>Improving the environmental factors and quality of life in localities, by protecting certain territories against harmful climatic factors, and by better use of degraded land.</p> <ul style="list-style-type: none"> <li>- Between January 2016 and March 2017, 1.6 million Lei were allocated by AFM for the planting of saplings on 146 hectares of degraded land, another 1.3 million Lei being used for plantations maintenance works and 6.8 million lei for the completion of 21 projects of creation/ rehabilitation of green spaces in urban areas. The Forestry Guards implemented afforestation works on 450 hectares of degraded land, using 8.1 million Lei (1.7 million Lei from the state budget and 6.4 million Lei from the amelioration fund). The National Forests Administration – RNP Romsilva has carried out forest regeneration works on the last 13 hectares of land owned and requiring the execution of reforestation works.</li> </ul>
	<p><b>Improving waste management, including hazardous waste</b></p> <ul style="list-style-type: none"> <li>- Continuation through LIOP of the integrated phased projects for consolidation and extension of integrated waste management systems (initiated by SOP ENV), as well as the financing of new projects through which integrated waste management systems are developed or which aim at developing energy recovery installations with high efficiency cogeneration</li> <li>- Development and approval of the National Waste Management Plan (PNGD), which includes the National Waste Generation Prevention Plan (PNPGD)</li> </ul>	<p>Development of integrated waste management and rehabilitation of historically contaminated sites; better management of waste, including hazardous waste.</p> <ul style="list-style-type: none"> <li>- The call for the implementation of integrated waste management systems has an allocation of 351.86 million Euro and is based on 18 phased projects, one major project (Bucharest incinerator amounting to 200 million Euro) and four other possible integrated infrastructure projects at county level. Seven phased projects have already been submitted, while 11 projects are in an advanced stage of preparation.</li>   <li>- Following the reconsideration of the municipal waste management alternatives to be developed within the PNGD, MM sent the provider the decision for the development of Alternative No 2 within the PNGD, which includes, besides all the other necessary installations, three municipal waste incineration plants with energy recovery. The Consultant has begun the documentation review process to develop the above alternative. The first PNGD project is scheduled for the</li> </ul>

<sup>233</sup> *The Airport Carbon Accreditation Programme*, launched in June 2009 by the Airports Council International/ACI, 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 standard with four accreditation levels: *mapping* (CO<sub>2</sub> emissions evaluation or airport's CO<sub>2</sub> footprint establishment), *reduction* (apply measures to reduce emissions), *optimization* (optimize the airport activities) and *neutrality* (implementing of emission capping measures by introducing the offset possibilities).

Progress on implementation	List of measures that were implemented in response to the commitment and their state of play	Impacts of the measures (qualitative and/or quantitative)
	<ul style="list-style-type: none"> <li>- Identifying and including into national legislation new economic instruments that could be implemented in order to achieve the 2020 waste recovery and recycling target.</li> </ul>	<p>first half of April 2017, after which the environmental assessment procedure will start and which is estimated to last approx. 6 months, with the final version of PNGD being approved by GD in October-November 2017.</p> <ul style="list-style-type: none"> <li>- MM and MDRAPFE have analyzed the JASPERS proposals, and some will be included into national legislation, complementary to the economic instruments existing already in national legislation, such as the 2 Lei/kg contribution due by economic operators for failing to achieve recycling targets for packaging waste, used tires, etc.; the Eco-fee of 0.1 Lei for thin bags; the penalty of 100 Lei/tonne applied to local public administrations (LPAs) for not reducing the amount of landfilled waste by 15% compared to the previous year; the Extended Producer Responsibility Schemes (EPRS) applied for specific waste streams (packaging waste, WEEE and WBAs) are functional, the PAYT tool being applied by LPAs at the time of entry into force of GEO No 68/2016 amending and supplementing Law No 211/2011 on the waste regime (October 2016), and others entered into force on 1 January 2017 i.e. the storage fee for non-hazardous waste and inert waste (80 Lei/tonne).</li> </ul>
	<p><b>Protecting water resources and development of water and wastewater network, construction and rehabilitation of treatment plants, sewage and wastewater treatment plants.</b></p> <ul style="list-style-type: none"> <li>- Development and rehabilitation of treatment plants, sewage and wastewater treatment plants</li> <li>- Promoting investments for the development of water and sewage networks, construction and rehabilitation of water and wastewater treatment plants, and sewage</li> </ul>	<p>Development, expansion and modernization of integrated systems of water supply, treatment plants, sewage and wastewater treatment plants, in order to achieve the obligations deriving from the European Directives on wastewater treatment (Directive 91/271/EEC) and the quality of water intended for human consumption (Directive 98/83/EC)</p> <ul style="list-style-type: none"> <li>- At the national level, at the end of December 2016, 1,611 sewer networks were inventoried, out of which 977 were functional and 634 at different stages of execution. With regard to sewage treatment plants, in December 2016, there were 992 treatment plants, out of which 744 were functional and another 248 new treatment plants were completed, to which the population had not yet been connected or they were in technological trials or decommissioned. The degree of coverage with wastewater collection systems corresponds to a biological load of approx. 65.41% of the equivalent inhabitants, and the degree of coverage with sewage treatment plants corresponds to a biological load of approx. 60.91% of equivalent inhabitants. The investments made during 2007 - 2016 for the waste water infrastructure amount to approx. 5,506 million Euro, out of which 53.05% for the rehabilitation and extension of sewerage networks and 46.95% for the rehabilitation and construction of new wastewater treatment plants. Between 1 January 2016 and 10 March 2017, 179.12 million Lei were spent from the Environment Fund to finance projects in this field of which 32 completed and another 172 projects under implementation.</li> <li>- 42 projects (contracted budget: 627.28 million Euro) were submitted for financing through LIOP, out of which 10 projects (in amount of 105.76 million Euro) are under administrative checking and eligibility criteria evaluation and the financing contracts were approved and signed for another 23 projects while nine projects are under contracting phase.</li> </ul>
	<p><b>Improving the protection systems against flood risk</b></p> <ul style="list-style-type: none"> <li>- Carrying out simulation exercises on flood protection</li> </ul>	<p>Improving the communication, information, education and awareness of population on flood risk</p> <ul style="list-style-type: none"> <li>- In 2016, simulation exercises were conducted in 7 river basins (i.e. Barcau, Mures, Aries, Barzava, Olt, Arges, Barlad), at the level of <i>Basin Water Administrations</i> (ABAs) Crisuri, Mures, Banat, Olt, Arges-Vedea, Prut and Dobrogea-Litoral, in 14 counties (i.e. Bihor, Salaj,</li> </ul>

Progress on implementation	List of measures that were implemented in response to the commitment and their state of play	Impacts of the measures (qualitative and/or quantitative)
	<ul style="list-style-type: none"> <li>- The extension and upgrade of flood risk protection systems</li> <li>- Improvement of hydrological forecasts through effective action tools to limit the damage caused by major risk phenomena</li> <li>- Organization of round tables/seminars at regional and local level on the topics regarding flood risk solutions and exchange of information on developing best practice for flood risk management</li> <li>- Developing the <i>Management Plans of Flood Risk (PMRI)</i> and electronic reporting in the Water Information System for Europe (WISE)</li> <li>- Completion of the second <i>National Management Plan for the Romanian Portion of the Danube International Basin</i> as well as the WISE electronic reporting thereof</li> </ul> <p><b>Protection of nature and conservation of biodiversity</b></p> <ul style="list-style-type: none"> <li>- Implementing adequate management systems for</li> </ul>	<p>Arad, Alba, Timis, Caras-Severin, Harghita, Covasna, Arges, Dambovita, Vaslui, Barlad, Tulcea and Constanta) and 77 localities. Between January and March 2017, three other water basin simulation exercises (ABA Olt - SGA Valcea, ABA Crisuri, ABA Arges-Vedea) and one inter water basin exercise between Mures, Crisuri and Arges-Vedea took place.</p> <ul style="list-style-type: none"> <li>- In 2016, 30 km consolidation works and 48.62 km embankment were funded from the state budget and other reimbursable funds for the protection of 23 localities. Consolidation and rehabilitation works on 65.14 km were carried out for the defence of 48 localities with grants from the Environment SOP.</li> <li>- At the end of 2016, the acquisition of automatic stations for the improvement of hydrological forecasts, the installation of rapid intervention centres to limit the damage caused by the major risk phenomena, etc. were completed. During the year 2016, 5.27 million Lei were billed and paid. Currently, the IT software for the WATMAN project<sup>234</sup>, Stage I, is under final testing phase.</li> <li>- Two meetings at ministerial level took place to expedite the implementation of the project and to respect its deadline. All line ministries and the competent coordinating/subordinated institutions were invited to set the types of measures for which they will provide support in the implementation of the <i>Flood Risk Management Plan (PMRI)</i>. 11 meetings at the level of Hydrographic Basin Committees were organized to standardize the collection/completion of measures proposed at river basin level. An analysis structured per river basins was performed regarding the publicity of the WATMAN project, its description, expected results for the purpose of a better flood risk management at the end of the project above mentioned. A nationwide meeting between ANAR-INHGA and the 11 ABAs to develop/review the flash-flood inventory and update flood risk areas (slow-floods). Two national meetings, between ANAR and the 11 ABAs were conducted to standardize a method to collect the preliminary data on measures for each area with significant flood potential. The stages of execution on hydrographic basins have been analyzed in order to expedite the project implementation.</li> <li>- <i>Flood Risk Management Plan</i> was approved by GD No 972/2016. In February 2017, the WISE electronic reporting for this plan was sent to COM (via the European Environment Agency - Reportnet).</li> <li>- <i>National Management Plan for the Romanian Portion of the Danube International Basin</i> was approved by GD No 859/2016. On 16 December 2016, the WISE electronic reporting for this plan was sent to COM (via the European Environment Agency - Reportnet).</li> </ul> <p>Conservation of biological diversity, natural habitats, wild flora and fauna and ensuring efficient management of protected areas, with priority of the <i>Natura 2000</i> European network.</p> <ul style="list-style-type: none"> <li>- Roughly 23% of the country's surface is covered by protected natural areas (i.e. 54,830 km<sup>2</sup>),</li> </ul>

<sup>234</sup> IT system for integrated water resources management

Progress on implementation	List of measures that were implemented in response to the commitment and their state of play	Impacts of the measures (qualitative and/or quantitative)
	<p>nature protection</p> <ul style="list-style-type: none"> <li>- Protecting and restoring biodiversity and soils and promoting ecosystem services, including through Natura 2000 and ecological infrastructure</li> </ul> <p><b>Strengthening the administrative capacity of environmental authorities</b></p> <ul style="list-style-type: none"> <li>- Training of staff involved in the effective implementation of EU environmental legislation on <i>Strategic Environmental Assessment</i> (SEA) and <i>Environmental Impact Assessment</i> (EIA)</li> <li>- Elaboration of the necessary guidelines for the unitary development of the environmental impact assessment procedure - EGEIA.</li> </ul>	<p>with 260 management plans approved. 265 protected natural areas were assigned to custody and 43 protected natural areas were assigned to administration. In 2016, 54 Sites of Community Importance (SCI) and 23 Special Protection Areas (SPAs) were newly designated, so that the total number of <i>Natura 2000</i> sites increased to 606, of which 435 SCIs and 171 SPAs.</p> <ul style="list-style-type: none"> <li>- At the end of the Q1/2017 for the Specific Objective 4.1 <i>Increasing the protection and preservation of biodiversity through appropriate management measures and restoration of degraded ecosystems</i> 58 applications were submitted out of which four projects were approved (under contracting phase), four applications were rejected and 50 applications are currently under evaluation phase.</li> </ul> <p>Professional training of environmental protection bodies staff on environmental impact assessment and environmental strategic assessment.</p> <ul style="list-style-type: none"> <li>- 13 EIA training sessions and 13 SEA training sessions were planned and 392 specialists were trained. The evaluation of the tenders in the procurement procedure for organizing events in accordance with the new public procurement requirements was completed and the winner was established (in November 2016), but the contract has not been signed yet because there were no funds allocated for implementation in 2017 due to late signing of the addendum which did not allow the necessary steps to be taken in due course. The estimated date for signing the contract is 31 March 2017.</li> <li>- Through the MMAP Order No 1825/21.09.2016, seven JASPERS guides, were approved and another even new guides, covering other areas of activity are being prepared by a project (SIPOCA code 19), funded from HCOP 2014-2020.</li> </ul>
<p><b>National 2020 target regarding the energy from renewable sources:</b></p> <p><b>[Share of energy from renewable sources in the gross final consumption: 24%]</b></p> <p>According to the value reported by Romania to EC through the <i>Progress Report on the Promotion and Use of Energy from Renewable Sources</i>, in 2014, the share of energy from renewable sources in the gross final consumption was of 26.27%, and 24.8% in 2015, according to Eurostat.</p>	<p><b>Promoting RES through green certificates</b></p> <p><b>Developing the overcompensation analysis of the promotion system of green certificates</b></p> <p><b>Modernizing and achieving new electricity and heat generating capacities</b></p> <p><b>RES promotion through the Environmental Fund</b></p>	<ul style="list-style-type: none"> <li>- By 31 December 2016 the electrical power installed in the plants accredited to implement the green certificates promotion system was 4,798 MW of which 136 MW were commissioned between 1 January 2016 and 31 December 2016.</li> <li>- The <i>2015 Report on overcompensation analysis of the promotion system of green certificates</i> was developed and posted on ANRE web page. From the cost-benefit analysis carried out for the year 2015 for each category of E-RES production technology, taking into account the indicators resulting from cost averaging and according to predicted capacities to be put into operation, the report identified a risk of overcompensation only in the case of solar plants</li> <li>- By 1 March 2017, out of 89 signed financing contracts, 53 projects were completed, 31 projects were cancelled, and other five are under cancellation procedure. The approved financing amount (from ERDF and state budget) for the 53 finalized projects is of 1,274.5 billion Lei. As a result of the programmes implemented, an installed electrical power of 192.09 MW and an installed thermal power of 33.08 MW were achieved.</li> <li>- In the framework of the <i>Programme for the installation of heating systems using renewable energy, including by replacement or supplementation of traditional heating systems (the Green House programme)</i>, in the 2011-2015 timeframe 25,000 individuals benefited from this programme. In 2016, an amount of 44.5 million Lei was allocated for financing the on going contracts and 94.7 million Lei for new contracts. It is estimated that 15,500 individuals have</li> </ul>

Progress on implementation	List of measures that were implemented in response to the commitment and their state of play	Impacts of the measures (qualitative and/or quantitative)
		benefited from the total amount allocated for the year 2016. During the call launched between 10 - 24 October 2016, 12,028 applications were submitted totalling a financing request of 72.44 million Lei. Applications are currently under evaluation stage.
	<b>Achieving initial investments in hydropower plants</b>	- The production of electricity from RES will be extended by implementing one project aiming to achieve initial investments in hydropower plants and which is currently on-going.
	<b>Achieving initial investments in plants using geothermal energy</b>	- Two projects aiming at initial investments in power plants using geothermal energy for heat generation have been finalized. Projects beneficiaries are administrative territorial units, and the total capacity installed after the projects implementation will be of 8.4 MW. In this regard two pre-feasibility studies were carried out and four Romanian professionals were trained in the <i>Geothermal Training Programme</i> of the United Nations University in Iceland. This programme ends in April 2017.
<b>National 2020 target regarding the energy efficiency [absolute level of primary energy consumption: 42.99 Mtoe ]</b>  According to Eurostat, in 2014, <b>the primary energy consumption</b> was of 30.6 Mtoe, and in 2015 of 31.3 Mtoe.	<b>Implementing the state aid support scheme to promote high efficiency cogeneration</b>	- 43 operators benefited from the support scheme between January and December 2016. The total sums granted as a bonus in 2016 reached 0.843 billion Lei
	<b>Extending until 2020 the implementation period of the programme <i>District Heating - Heat and Comfort</i></b>	- The <i>District Heating 2006-2020 - Heat and Comfort</i> programme was financed in the year 2016 with an amount of 75 million Lei. By 31 March 2016, 18 territorial administrative units submitted applications, 15 of which met the eligibility conditions. By commissioning the investment objectives, in the 2008-2015 timeframe fuel savings of 29,603 tep/year were achieved.
	<b>Modernizing and setting up new facilities and equipment in industrial enterprises</b>	- In order to support investments, in the framework of SOP ICE, 43 financing contracts were signed. Out of these, by 1 March 2017, 36 projects were finalized, six were cancelled, and one is under cancellation. The amount of approved financing (from ERDF and State budget) for the 36 finalized contracts is of about 244 million Lei.
	<b>Modernizing METROREX rolling stock by procurement of new generation rolling stock</b>	- To increase energy efficiency in the field of transport but also in order to <i>modernize the METROREX rolling stock fleet</i> , the purchase of 24 new subway trains was completed, and the trains are in operation as of 1 July 2016. Thus the METROREX energy consumption has been reduced by 9%.
	<b>Increasing the energy efficiency in the residential and public buildings and in the public lighting</b>	- In the framework of the financing scheme <i>Support of investments in the energy efficiency of the multi-storey buildings (KAI 1.2 – ROP 2007- 2013)</i> , 111 projects have been completed, through which 715 blocks of flats encompassing 41,311 apartments underwent thermal refurbishing works, while the total value of the projects implemented was 195.14 million Euro. - In the framework of a new package of measures (co-financed from ERDF in the framework of <i>ROP 2014-2020</i> ), in March 2016 was launched the operation 3.1.A <i>Increasing the energy efficiency in the residential buildings</i> with the result that 194 applications totalling 1.53 billion Lei were submitted by mid-March 2017, out of which 87 are under different evaluation stages. For the Bucharest-Ilfov Development Region, 10 projects (to be funded by ERDF and state budget) totalling 67.34 million Lei are under contracting phase. The second call for projects is scheduled to take place by the end of April 2017. Regarding <i>public buildings</i> , the call for proposals was launched, and the deadline for submitting applications is 28 August 2017, and as respects <i>public lighting</i> , the related guide will be launched in public consultation by the end of April 2017.

Progress on implementation	List of measures that were implemented in response to the commitment and their state of play	Impacts of the measures (qualitative and/or quantitative)
		<ul style="list-style-type: none"> <li>- <i>The National Programme on increasing the energy efficiency of the multi-storey buildings</i> implemented according to GEO No 18/2009, with the subsequent amendments and completions, having an allocation of 25 million Lei in 2016, have increased the energy efficiency for 3,251 apartments so far.</li> </ul>
<p><b>National headline target on early school leaving [Early school leaving rate: 11.3%]</b></p> <p>Provisional Eurostat data for 2016, shows a value of 18,5%, a decreasing against 19,1% in 2015</p> <p>According to the latest data of INS, by residence there is a gap of approx. 18.4% p.p. between urban and rural to the disadvantage of the latter (10,1% urban vs. 28,5% rural in 2015).</p>	<p><b>Expanding early education services</b></p>	<ul style="list-style-type: none"> <li>- The Norms for the application of <i>Law No 248/2015 on stimulating the participation in pre-school education of children from disadvantaged families</i> was reviewed; the generation on a monthly basis of a beneficiaries list through the Integrated Education Information System of Romania (SIIR) was agreed upon. According to the monitoring report of OvidiuRo Foundation, in June 2016, were introduced in SIIR 67,205 (60%) eligible children out of 111,396 children estimated at national level and 34,831 (52%) attended regularly the kindergarten. The age limit was also clarified (for children aged 6 and under 3 who attend kindergarten). Approximately 65,000 children benefited from kindergarten vouchers.</li> </ul>
	<p><b>Modernization of school curriculum for lower and upper secondary education, and VET</b></p>	<ul style="list-style-type: none"> <li>- <i>Framework curriculum plans for lower-secondary education (gymnasium)</i> were adopted in April 2016 and <i>related curricula</i> in February 2017. Editing the manuals for 5<sup>th</sup> grade as well as purchasing the reprinted manuals will be done until Q3/2017</li> <li>- The <i>Framework plan for upper-secondary education (high school)</i>, the curriculum development timetable was delayed, being necessary to correlate the activities and deadlines from the <i>Calendar of curriculum development 2015-2017</i> with those from ROSE Project financed by the World Bank (the project is the main source of funding for national high school curriculum development).</li> <li>- A new curriculum for 9<sup>th</sup> grade, technological secondary education and technical and vocational education has been developed and approved<sup>235</sup>.</li> </ul>
	<p><b>Increasing the quality of pre-university education</b></p>	<ul style="list-style-type: none"> <li>- There have been elaborated and debated two Government Decisions on: (i) standards for external evaluation of schools and pre-university study programmes and (ii) revised methodology for external evaluation of pre-university schools.</li> <li>- Two ministerial orders regarding <i>school segregation</i> and <i>Action plan for combating school desegregation and increasing the quality of education</i> were adopted.</li> </ul>
	<p><b>Strengthening technical vocational education and training, especially the work-based learning component</b></p>	<ul style="list-style-type: none"> <li>- <i>The Education and Training Strategy of Romania for 2016-2020</i> was approved<sup>236</sup>.</li> <li>- The dual training system was defined by MEN together with the private companies interested in this type of training, by amendment of <i>Education Law on the regulation and implementation of dual vocational education</i>. The changes are related to tax facilities granted to companies that are directly involved in supporting students in vocational education.</li> <li>- The concept document “<i>Options in education and training of graduates from 8<sup>th</sup> grade</i>” contains an action plan for the period 2016-2017 and is targeting the introduction of a professional route and establishing a complete training route on a professional-dual system.</li> </ul>
<p><b><i>Replicating the prevention and intervention measures tackling early school leaving and in conjunction with the measures within the</i></b></p>	<ul style="list-style-type: none"> <li>- An evaluation of <i>School after school</i> interventions was conducted at national level and also the methodology for organizing this programme (November – December 2016) was reviewed.</li> <li>- Two calls for competitive projects were launched with the aim to reduce early school leaving</li> </ul>	

<sup>235</sup> OMENCs No 4457/2016

<sup>236</sup> GD No 317/2016 regarding the approval of *The Education and Training Strategy of Romania for 2016-2020*

Progress on implementation	List of measures that were implemented in response to the commitment and their state of play	Impacts of the measures (qualitative and/or quantitative)
	<i>Government integrated package to combat poverty</i>	<p>and to promote equal access to education: “<i>School for all</i>” - finances integrated socio-educational measures targeting family, school and community at the same time. Under this call, were submitted 85 project fiches and their evaluation will be completed by the end of April 2017. (ii) <i>Motivated teachers in disadvantaged schools</i> is a dedicated call for schools with highest degree of disadvantage where many children are at risk of early school leaving and fail to attract or retain qualified teachers in schools</p> <ul style="list-style-type: none"> <li>- MEN continues to run annual social programmes to support pupils and students from disadvantaged areas: <ul style="list-style-type: none"> <li>• <i>School supplies</i> - during the school year 2016-2017, there were provided school supplies of 11.839.670 lei equivalent for 55,234 beneficiaries</li> <li>• <i>The monthly scholarship</i> for pupils from economic and social disadvantaged families, granted for the purpose of continuing their studies after completing secondary education, was approved for the school year 2016-2017 for 44,701 beneficiaries, totalling 65.978.676 Lei</li> <li>• <i>Euro 200</i> - in 2016 it amounts to 10.677.092 lei for 11.997 beneficiaries</li> <li>• <i>Reimbursement of transportation costs</i> - by GEO No 69/2016, it was approved the full payment from the state budget of subscriptions for the transport of students on distances of up to 50 km.</li> <li>• <i>Adoption of the "Hot meal" pilot programme</i> for 29,695 students and pre-school teachers (of which 14.544 pre-school teachers) from 50 state pre-university education units. The programme budget for 2017 is 19.98 million Lei.</li> </ul> </li> <li>- <i>Monthly scholarship</i> for students attending 3 year professional education. In the school year 2016-2017, professional scholarships totalling 136.52 million lei were awarded to 83,247 pupils.</li> </ul>
<p><b>National headline target on tertiary education [Rate of young people aged 30-34 with tertiary education level: 26.7%]</b></p> <p>According to INS, the indicator has raised steadily in the recent years, from <b>16.7% in 2008</b> to <b>25.6% in 2015</b>. However, there is a <b>gap of over 29 p.p. between urban and rural areas</b>, to the detriment of the latter (37.4% urban vs. 8.1% rural in 2015).</p> <p>Eurostat provisional data for 201 indicate a slight decrease of the</p>	<p><b>Approval and starting implementation of the <i>National strategy on tertiary education 2015-2020</i></b></p> <p><b>Supporting students from rural areas, disadvantaged groups and non-traditional students to participate in tertiary education</b></p> <p><b>Increasing the quality of higher education and its correlation with the labour market</b></p>	<ul style="list-style-type: none"> <li>- A technical group to coordinate the implementation of <i>National strategy on tertiary education 2015-2020</i> was established and the 2017 annual plan for implementation was elaborated.</li> <li>- The implementation of social programmes for students was continued: scholarships, accommodation and meals subsidies, reimbursement of transportation costs.</li> <li>- The methodology for allocating additional funding which includes a set of quality indicators on regional orientation and social equity was implemented.</li> <li>- It was approved and implemented the Methodology for allocating the fund for institutional development, which has a financing line referring to increasing social equity, social inclusion and access to higher education.</li> <li>- Starting with 1 February 2017, students are granted with metro and rail domestic transport facilities.</li> <li>- For young Roma in the academic year 2016 - 2017, MEN allocated 402 state funded grants for the bachelor's degree and 133 grants for master's cycle.</li> <li>- Implementation the ACOP project <i>The development of the MENCS capacity to monitor and forecast the evolution of higher education in relation to the labour market needs</i> has as a general objective the increase of the quality of higher education and its correlation with the labour market needs.</li> </ul>

Progress on implementation	List of measures that were implemented in response to the commitment and their state of play	Impacts of the measures (qualitative and/or quantitative)
indicator to <b>25.5%</b> .	<b>Creating the institutional framework for lifelong learning</b>	<ul style="list-style-type: none"> <li>- GD on the <i>Methodology for the organization and functioning of Lifelong Learning Community Centres</i> is still under decision making process</li> <li>- The main responsibility is to identify and meet the life long learning needs of children, youngsters and adults from local communities.</li> </ul>
<p><b>National poverty reduction target [reduction the number of people at risk of poverty or social exclusion: - 580,000 persons]</b></p> <p>In the year 2015, the number of people at risk of poverty or social exclusion decreased by 1,680 thousands persons, from 9,115 thousands persons to 7,435 thousands persons, compared to the year 2008</p>	<b>Social and economic integration of persons in marginalized communities</b>	<ul style="list-style-type: none"> <li>- In 2016, two calls for proposals were launched to facilitate the integrated local development in marginalized communities, including the ones with Roma people, both for more and less developed areas. As a result of completing the administrative and eligibility assessment of submitted projects, 63 projects were accepted to the next phase of technical and financial assessment. A new call for proposals is launched during 18 April - 16 June 2017.</li> </ul>
	<b>Developing small farms</b>	<ul style="list-style-type: none"> <li>- 2014-2020 EAFRD finances investments in developing small farms; in March 2017, 19,926 projects were contracted, out of which 19,149 project were transferred under transitional provisions to 2014-2020 NRDP.</li> </ul>
	<b>Preparatory support and implementation of integrated community-led local development strategies in rural areas</b>	<ul style="list-style-type: none"> <li>- 239 LAGs were selected covering a population of 9,793,458 inhabitants (80% of LEADER population). LAGs operating contracts were concluded, so that 933 jobs are expected to be created</li> <li>- Under Sub-measure 19.2 - <i>Support to implement actions under community-led development strategies</i>, 2,252 projects amounting 40.2 million Euro were transferred to 2014-2020 NRDP to be completed; 80 jobs were created as a result of completing several contracts.</li> </ul>
	<b>Implementing pilot-programme Social housing for Roma communities</b>	<ul style="list-style-type: none"> <li>- By March 2017, programme <i>Social housing for Roma communities</i> included 294 housing units, out of which 168 were accepted by ANL</li> <li>- 63 housing units (Bihar County-Osorhei, Brasov County-Halchuiu, Constanta County-Mircea Voda) are in different building stages, and for 63 housing units the sites are in preparation (Iasi County-Mironeasa, Dambovita-Potlogi, Ilfov - 1 Decembrie).</li> </ul>
	<b>Ensuring the basic food aid and access to education system of the poorest children</b>	<ul style="list-style-type: none"> <li>- Two projects were delivered for “food packages” operation, so that 7,020,157 beneficiaries received food packages (3,061,311 beneficiaries by project 2014/2015 and 3,958,864 beneficiaries by project 2015/2016). In Q2/2017 the “school supplies” operation will be launched.</li> </ul>
	<b>Ensuring, preserving and improving the quality of social services</b>	<ul style="list-style-type: none"> <li>- By March 2017, 3,028 social service providers were accredited and 2,706 social services were licensed</li> </ul>
	<b>Implementing national programme financing public residences for older people</b>	<ul style="list-style-type: none"> <li>- In the year 2016, 150 older persons benefited by services financed under the programme. The programme provided services by the specialized staff, which is 61% of total specialized staff employed by the residences for older people</li> </ul>
	<b>Improving the access of vulnerable people to health services</b>	<ul style="list-style-type: none"> <li>- The implementation of 18 prophylactic and curative programmes, 13 in the field of women and children health has continued and 430,812 retired people with monthly income of &lt;700 Lei benefited of the programme ensuring access to drugs in outpatient care.</li> <li>- 34 community nurses and four health mediators were employed by the project <i>Social inclusion through the provision of integrated services at community level</i>. MS provides funded for 1,388 community nurses and 480 health mediators for Roma communities and aims to increase progressively their number, appropriate to the socio-medical needs of vulnerable population.</li> <li>- 40 new community nurses were employed in 45 community health centres set up in six</li> </ul>

Progress on implementation	List of measures that were implemented in response to the commitment and their state of play	Impacts of the measures (qualitative and/or quantitative)
		<p>counties within the project <i>Improving the health of the Roma population through Roma health mediators network consolidation</i><sup>237</sup>.</p> <ul style="list-style-type: none"> <li>- Likewise, a normative act on community healthcare has been published in view to define some medico-social integrated services at local communities' level.</li> </ul>
	<p><b>Improving efficiency and financial sustainability of the health system</b></p>	<ul style="list-style-type: none"> <li>- Certain measures have been taken within <i>GD No 161/2016 for approving the services packages and the Framework Contract which regulates medical assistance, the provision of medicines and the medical equipment in social health insurance system for the 2016-2017</i>. These measures have impact on reducing hospitalizations and introducing the financing based on performance criteria by including the integrated management plan for certain chronic diseases and the individual risk assessment consultations for the asymptomatic adult. To develop the capacity of health technologies assessment for medicines, in view of updating the list of compensated drugs, 21 new medicines (of which 12 for patients with oncological diseases) were introduced by the <i>GD No 552/2016 approved for amending and supplementing the Annex of the GD No 720/2008</i>. 13 new medicines were introduced by approving <i>GD No 49/2017</i> and the prescription protocols for medicines from the list of those refunded by CNAS have been updated.</li> </ul>
	<p><b>Modernization of health infrastructure and healthcare network at regional level</b></p>	<ul style="list-style-type: none"> <li>- MS has in progress the rehabilitation works at 49 hospitals, and 119 hospitals will be equipped with medical facilities. In addition, delivery and installation of medical equipments (fans, monitors, ultrasounds) have been made in the Emergency Units from 68 hospitals. The tender for the purchase of other types of equipments provided in the project for upgrading the Emergency Units from 78 hospitals is under preparation and the purchase of anaesthesia machines has been started for the equipment of anaesthesia and intensive care units in 25 county hospitals.</li> <li>- At the same time with activities for the fulfilment of ex-ante conditionality in the health field, at MS level work groups have been set up for the interventions on community socio-medical integrated centres, ambulatory and the emergency units in view to prioritize investments and develop the evaluation criteria for the applicant's guides.</li> </ul>
	<p><b>Increasing the access of people to quality medical services</b></p>	<ul style="list-style-type: none"> <li>- Preparatory activities are being carried out within the project <i>Sanitary Sector Reform – Improving the Quality and Efficiency of Sanitary System</i> to develop the terms of reference for technical assistance aimed to define a strategy on the reorganization of the speciality ambulatories and the conversion of the local hospitals in the diagnosis and treatment centres.</li> <li>- With a view to continuous training, 45 primary healthcare providers were trained on the risk factors for non-communicable diseases at adults, 246 persons for conducting motivational interviews to combat the alcohol consumption, respectively 98 persons for motivational interviews to combat the tobacco consumption and 250 primary healthcare providers were trained for using the guide and the IT solution from PREVENT module, through 401 online training sessions.</li> </ul>
	<p><b>Reducing the morbidity and mortality caused by communicable and non-communicable diseases</b></p>	<ul style="list-style-type: none"> <li>- Working meetings with the specialists from the health promotion and health education departments from all public health directions from country were organised to finalise <i>the</i></li> </ul>

<sup>237</sup> Financed by the programme *Initiatives in Public Health* (the Norwegian Financial Mechanism 2009-2014)

Progress on implementation	List of measures that were implemented in response to the commitment and their state of play	Impacts of the measures (qualitative and/or quantitative)
		<p><i>Multiannual Plan on promoting a healthy lifestyle.</i></p> <ul style="list-style-type: none"> <li>- The preventive/early diagnosis services were provided through the vaccination of 927,358 children, HIV testing of 55,870 pregnant women, testing to identify various diseases of 74,361 children and 20,205 new-borns, and 479 pregnant women were tested for the prevention of congenital malformations.</li> <li>- At county and regional level, 60 persons have been trained in order to ensure the surveillance of communicable diseases and to manage the epidemiological alerts and 23 campaigns were organized to inform/educate/communicate on various topics, for example vaccination, rare diseases, the prevention of cancer, fight high blood pressure. 16,126 people were the beneficiaries of two of the campaigns addressing to the Roma population.</li> </ul>
	<p><b>Improving the quality and efficiency of public services in the Romanian healthcare system by promoting public integrity and accountability within the management of resources</b></p>	<ul style="list-style-type: none"> <li>- Implementation of measures from health field provided in <i>the National Anticorruption Strategy 2016-2020</i>, at the specific objective <i>Increasing of integrity, reducing vulnerabilities and risks of corruption in the public health system</i> has been initiated. Some progress has been made in improving the activity of the <i>Ethics Councils</i> and of the <i>Mechanism of Feedback from Patients</i>, and in monitoring the public procurement carried out by public hospitals.</li> </ul>