COUNTRY PROGRAM SNAPSHOT

April 2015
RECENT ECONOMIC DEVELOPMENTS

Romania was among the best performers in the European Union (EU) in 2014, as real GDP growth reached 2.9 percent. Growth was driven by strong private consumption and solid export growth. On the downside, investment remained weak in 2014 and EU funds absorption was poor in the first three quarters of the year. Faster EU funds absorption will become critical for boosting economic growth in 2015, as Romania continues to tighten its fiscal stance and in the context of a protracted period of slow growth and deflationary pressures in the Eurozone. In December 2014, the Government reached an agreement at technical level with the International Monetary Fund (IMF) and the European Commission (EC) on the 2015 budget, but different views regarding the structural reforms agenda, in particular the gas price liberalization calendar for households and the restructuring of energy production companies, made it impossible to finalize an agreement with the IMF and the EC during their February 2015 mission.

Economic Growth and External Performance

The 2014 growth displayed a rebalancing toward domestic demand. Private consumption growth expanded by 4.6 percent (year-on-year) in 2014, fueled by strong wage growth, low oil prices, and an expansionary monetary policy. Exports grew strongly at 8.1 percent (year-on-year), driven by a strong performance of exports of services, especially IT and business services. Investment remained weak throughout 2014, declining by 3.6 percent (year-on-year), reflecting in particular a modest absorption of EU funds. On the production side, growth was driven mostly by the non-agricultural sector, with a good performance in industry (+1.5 percent), construction (+3.5 percent), and information/communications (+11.0 percent).

Export performance remained strong in the first three quarters of 2014. In spite of the weak economic activity in the EU, Romania’s exports expanded by 8.1 percent between January and September 2014, and the shares of medium and high technologically complex goods in exports increased. Around 70 percent of total exports went to the EU. Exports of transport machinery and equipment represented over 40 percent of the total exports of goods in the first three quarters of 2014, driven primarily by the automotive sector. Exports from the information and communications technology (ICT) sector were also important. At the same time, imports picked up by around 7.7 percent in 2014 after a modest expansion of only 1 percent in 2013, reflecting a pickup in domestic consumption. Around 75 percent of imports came from the EU, with machinery and equipment the largest import categories.

Fiscal Developments

Since 2009, the Government has implemented significant fiscal consolidation, graduating from the EU’s excessive deficit procedure in mid-2013. The Government’s fiscal deficit was brought down from around 7.3 percent of GDP in 2009 to 2.0 percent in 2014. In structural terms, the fiscal deficit was reduced from 7.9 percent of GDP in 2009 to an estimated 0.7 percent in 2014 (cash terms). This was mainly achieved through a combination of cuts in public sector wages and pensions in 2010 and increases in social contributions in 2009 and the value added tax (VAT) in 2010. However, public investment was maintained at around 6 percent of GDP throughout the crisis. The increased absorption of EU funds has supported the overall fiscal framework, with transfers from the EU amounting to around 1.5–2 percent further from a peak of 75.7 percent of GDP in 2012 to an estimated 55.3 percent at the end of 2014. Gross international reserves amounted to €34.4 billion at end-2014, which represented 6.2 months of imports of goods and services. Public debt continued to increase, reaching 38.9 percent in 2014, but at a significantly slower rate than in the recent past. With vulnerabilities reduced, Romania’s sovereign credit default swap spreads (five years) fell to 124 basis points (bps) at end-January 2015, from a peak of 557 bps in January 2012 and around 200 bps one year ago. Standard & Poor’s upgraded Romania to investment grade in May 2014, and now all major rating agencies place Romania in an investment category with a stable outlook.

The exchange rate was largely stable in 2014, with episodes of volatility driven mainly by fluctuations in portfolio flows. The domestic currency has been fluctuating at around 4.4–4.5 to the euro, with volatility driven mainly by the Romanian Treasury (T)-bill transactions of nonresidents. Developments in the external markets and a further escalation of political tensions in the Black Sea region may induce episodes of volatility, but the National Bank of Romania (NBR) is expected to smooth them when judged excessive.

External imbalances have been reduced and macroeconomic stability consolidated, although vulnerabilities remain. The current account deficit fell from around 11.6 percent of GDP in 2008 to an estimated 0.9 percent in 2014. Total external debt declined...
of GDP per year in recent years. By mid-March 2015, the cumulative absorption of EU Structural and Cohesion Funds had reached around 53 percent of the total available for the period 2007–13.

**Figure 2. Control over Public Spending**

Government Revenues, Expenditures and Fiscal Deficit (% of GDP)

---

The 2014 budget deficit is estimated to have dropped below 2 percent of GDP at end-December. In agreement with the IMF and the EC, the Government targeted a 2.2 percent of GDP deficit for the year, down from 2.5 percent of GDP in 2013, but it failed to spend all money earmarked for investment, including from EU grants. Eventually, it redirected part of the investment funds to pay arrears to school teachers and construction companies. For 2015, the Government agreed with the IMF and the EC on a cash deficit of 1.8 percent of GDP, while the structural deficit will be 1.0 percent of GDP, in line with the Medium Term Objective (MTO) under the Fiscal Compact. The cash deficit includes 0.4 percent of GDP for co-financing EU-funded projects. A big improvement in EU funds absorption is expected to increase the overall revenue figure (31.9 percent of GDP), which, however, remains very modest compared to the EU average. EU funds are expected to support a substantial improvement in public investments and stimulate growth. The direct effect of the higher inflows of EU funds on the GDP growth rate is expected to be 0.4 percent.

**Inflation and Monetary Policy**

Consumer prices increased by 0.8 percent in 2014. Subdued Eurozone inflation, a persistent negative output gap, and declining fuel prices have depressed inflation. Food prices rose, as did prices for services, mainly as a result of the depreciation of the leu, the Romanian currency.

Low inflation creates room for extending monetary easing. Below target inflation led the NBR to lower the main policy rate by 25 bps to 2.25 percent. Under low inflation conditions since mid-2013, the NBR has gradually kept cutting its policy rate (from 5.25 percent in June 2013 to 2.25 percent in February 2015) to stimulate the economy. Further cuts are anticipated in the coming months.

Despite aggressive monetary easing, credit growth has been subdued, especially to corporations. Credit to corporations fell 6.3 percent (year-on-year) in December 2014, while credit to households eased 0.4 percent. The NBR hopes that monetary easing, improved liquidity in the domestic market, and the large decline in the nonperforming loan ratio (from 21.9 percent at the end of 2013 to 13.0 percent at the end of 2014) will eventually boost credit.

**EU Financial Perspective 2014–20**

In August 2014, the EC adopted a Partnership Agreement (PA) with Romania for the 2014–20 programming period. In order to achieve the economic growth aspirations reflected in the global objective of the PA, Romania has identified five development challenges: competitiveness and local development; people and society; infrastructure; resources; and administration and government. The PA sets out the strategy for the optimal use of European Structural and Investment Funds (European Regional Development Fund [ERDF], European Social Fund, Cohesion Fund, European Maritime and Fisheries Fund, and European Agricultural Fund for Rural Development [EAFRD]). Roughly €39.8 billion has been allocated for all EU-funded programs for the period 2014–20. Approximately €68 billion will be from EAFRD for the development of the agriculture sector and rural areas, and around €10 billion will be from ERDF for thematic concentration on innovation and research, the digital agenda, support for small and medium-sized enterprises (SMEs), and a low-carbon economy.

**Investments in priority areas will be instrumental in helping Romania to respond to the priorities of the Europe 2020 Strategy and country-specific recommendations.** These include corresponding policy reforms in education, employment, social inclusion, and public administration. As of end-February 2015, five operational programs had been approved: most deprived, technical assistance, administrative capacity, human capital, and competitiveness. Pending adoption are large infrastructure and regional development.

**Macroeconomic Outlook**

The economic outlook for 2015 is positive. Romania’s macro-fiscal fundamentals are relatively sound, and export growth has remained solid even in the context of weak external demand, suggesting that Romania is likely to be more resilient than other countries in the region and thus able to weather potential external shocks. Real GDP growth is projected to be around 3.0 percent, supported by a further gradual recovery in domestic demand. Private consumption will likely remain the main driver of growth,
on the back of an increase in real disposable income driven by continued improvements in the labor market. An anticipated pickup in the absorption of EU funds would support a recovery in investment. Average inflation is expected to remain below 1 percent, helped by low oil prices and subdued inflation in the EU. Risk to this outlook include global financial market volatility and anemic growth in the Eurozone. These risks could be mitigated through stronger-than-expected EU funds absorption and structural reforms that would enhance investment sentiment toward Romania.

The Government has signaled that it would continue to pursue a prudent fiscal policy in spite of recent announcements of plans to reduce a number of taxes. The public budget document approved in January 2015 maintained the year-end deficit target agreed with the IMF and the EC unchanged at 1.8 percent of GDP (cash). The target accommodates a reduction, beginning in October 2014, in social assistance contributions by 5 percentage points (to 39.5 percent now) and is consistent with a structural fiscal deficit of 1 percent of GDP, as per the MTO assumed under the Fiscal Compact. The Ministry of Public Finance has announced further plans to cut taxes, starting in January 2016 or earlier if there is fiscal space. These cuts would include a reduction in VAT from 24 percent currently to 20 percent and to 9 percent for meat, fruits and vegetables; the elimination of the special construction tax; the introduction of a ceiling of five gross average wages for the computation of social contributions; a turnover tax for companies differentiated by the number of employees; and the elimination of the tax on dividends. Further tax reductions are envisaged over the medium term. The IMF estimates that the fiscal impact of the measures presented would be 2.2 percent of GDP in 2016 and urged the Government to identify compensatory measures.

Romania's economic recovery and macro stability face risks related to its unfinished structural reforms agenda, especially in energy, transport, public expenditure management, cadastre and property registration, tax administration, and the public enterprise sector. Key structural measures in some of these areas have been included in the ongoing precautionary agreements with the IMF and the EC. The World Bank supports the structural reform agenda through a Development Policy Loan (DPL) series aimed at boosting economic growth and enhancing the efficiency of fiscal policy.

Poverty Reduction

One in five Romanians lives in relative poverty and a large share is persistent. According to the national definition of absolute poverty, about 5 percent of the population cannot afford to purchase a minimum consumption level of products and services. One-third of the population is severely deprived materially. Many people are inactive or informally employed, with little chance of gaining proper access to the labor market. There are also significant inequalities in primary health care coverage. To compound matters, there is a significant number of deprived communities in which all of these problems come together, making it almost impossible for the members of those communities to break the exclusion cycle without sustained and integrated external support.

The poverty rate decreased by 2.3 percentage points between 2008 and 2010 but showed an upward trend between 2010 and 2013. As a result, the decline in poverty between 2008 and 2013 was 0.9 percentage points (representing only 211,000 people rising out of poverty compared to the national target of 580,000 by 2020). The poverty gap, which measures the distance of the poor from the poverty threshold, remained almost constant. Anchored poverty, which measures the dynamics of poverty against a poverty line with constant purchasing power in time, indicates a reduction in absolute poverty during 2008–10, followed by a slight increase during 2011–13.

In Romania, whether a household is in an urban or rural area is a significant predictor of its level of social exclusion or poverty. Poverty is three times more likely in rural areas than in urban areas. Much of the difference in poverty can be explained by the structural characteristics of a typical rural locality in present-day Romania. The rural population has a lower share than the urban population of working-age individuals (62.5 percent versus 70.9 percent), who tend to have significantly lower poverty rates than the population as a whole. Rural areas also tend to have a predominantly aging population with few sources of monetary income. The percentage of self-employed in agriculture, one of the groups with the highest risk of poverty in general, is much higher in rural than in urban areas (15.8 percent versus only 2.3 percent).

Figure 3. Relative Poverty Rates by Residential Area and Development Region, 2012


Romania has three means-tested programs that support the income of the poorest people with small budget, coverage, and benefit levels and separate beneficiary files and payments, resulting in a fragmented and inefficient subsystem. The Guaranteed Minimum Income benefit is targeted to the poorest 5 percent of the population, the Family State Allowance to families with children in the poorest three deciles, and the Heating Benefit to families in the poorest 60 percent of the income distribution. Although these
programs are targeted to the population with low incomes and means, the eligibility criteria vary from program to program, increasing the private costs of applicants and the administrative costs of the system. To increase the poverty reduction impact of the means-tested programs, the Government is preparing a legislative and regulatory framework to consolidate the three programs into a single program, the Minimum Social Insertion Income (MSII) program, which will become the key anti-poverty program and will be crucial to achieving the poverty reduction target assumed by Romania under the Europe 2020 strategy. It is also included in the National Strategy on Social Inclusion and Poverty Reduction 2014–2020, produced with World Bank input, currently undergoing procedures for adoption by the Government in the upcoming months.

**Demographic Challenge**

Romania is projected to experience one of the sharpest drops in the working-age population in the EU, a trend that will impose a heavy burden on the economy. Romania will see its old-age dependency rate—defined as the ratio of people older than 65 to the working-age population—more than double over the next four decades, reaching 55 percent by 2050. The old-age dependency rate will increase from about 22 percent in 2014 to 33 percent by 2020. The decline in the share of the population contributing to economic output could result in lower growth in income per capita and dampen overall prospects for economic growth. In the absence of reform, demographic aging may therefore lead to higher rates of poverty, social exclusion, and dependence among the elderly.

**Figure 4. Projected Changes in Age Composition of Romanian Society, (%)**

In January 2015, the Government of Romania adopted the Strategy for Including Romanian Citizens of Roma Ethnicity 2015–2020. The Strategy has as its main objective the socioeconomic inclusion of the Roma, with a focus on access to education, employment, health, and housing.

**RECENT SECTORAL DEVELOPMENTS**

**Public Administration**

Improving the quality of the public sector remains a priority for Romania. Given that the public sector spends about one-third of GDP, or around €45 billion every year, the efficiency and efficacy of this spending have a major impact on economic growth, job creation, and the quality of public services. Romania has had the highest public investment spending in GDP in the EU in the past 15 years, but it scores lowest in infrastructure development rankings. Improving the quality of policy making can therefore lead to large welfare gains and accelerate the sustainable convergence of Romania with the EU.

Romania has made substantial progress in improving governance over the past decade, but weaknesses in government effectiveness put it at a competitive disadvantage compared to its EU neighbors. Effective institutions are essential for growth. The Worldwide Governance Indicators show that Romania has made substantial progress since 2000 on all six indicators. Most progress has been made on regulatory quality (69th percentile), while government effectiveness remains at around the 52nd percentile of countries worldwide.
Private Sector Development

Positioning Romania to become more competitive in a global market requires a renewed effort to promote competition and enhance the business environment. Priority actions should aim to reduce the dominant role of the state in the economy (e.g., transport, energy, communications) and consolidate the capacity of the Romanian Competition Council (RCC) to enforce competition policy. Significant progress has been achieved with Bank technical support with the objective of enhancing the RCC's capacity to promote competitive markets. Numerous laws and guidelines for effective implementation of competition and state aid legal frameworks were revised or drafted. The RCC is currently finalizing its decision-making process and mandated function of merger control via new information technology processes and a new business architecture implementation. Staff capacity was also enhanced via institutional training. The Government plans to enact a revised competition policy legal framework for unfair competition, state aid, and competition law.

Although the business environment is still an issue for private sector development as a whole, the regulatory burden tends to be particularly heavier for SMEs. The World Bank Doing Business Report 2015 places Romania behind comparable countries in Central and Eastern Europe in terms of ease of doing business. The World Competitiveness Report 2014–15 indicates that the issues of access to financing and policy instability, together with insufficient capacity to innovate, are hindering Romania’s competitiveness enhancement. It is ranked 59th out of 144 countries—no change from 2013. This is below neighboring Bulgaria (54th) and Poland (55th). Some regulatory areas are particularly problematic: the burden of government regulation (ranks 94th out of 144), transparency of government policy making (86th), the intensity of local competition (120th), and the effectiveness of anti-monopoly policy (89th).

The Government has committed to improving the quality of the regulatory process by moving toward systematic evidence-based policy making and becoming aligned with the EU Smart Regulation agenda. The use of regulatory impact assessments has been highlighted as one of the key topics under the EU’s country-specific recommendations for improving the public policy framework.

Although SMEs have less access to bank credit than larger firms, the World Bank is working with the non-banking financial regulator to increase the efficiency of the national capital markets. Access to bank financing remains modest, as the demand for bank loans has decreased and the increasingly stringent standards applied to borrowers have been effective in discouraging many entrepreneurs from applying for a loan. SMEs tend to direct the majority of external financing toward working capital or the payment of suppliers, while large companies direct a significant portion of their external financing to investments for business development. With continued parent bank deleveraging and international capital flows subdued, it has become important to accelerate development of the non-bank financial sector and the institutional infrastructure for efficient domestic capital markets. The World Bank provides advisory assistance to the Romanian financial authorities in order to upgrade their regulation and supervision standards in the financial sector in line with good practice EU and international norms, and to implement upgraded regulations and supervisory approaches to accelerate the development and depth of financial institutions and instruments in the Romanian financial system.

Regional Development

Romania is one of the least urbanized countries in the EU, with only 55 percent of the population living in cities. Around 65 percent of Romanians live in functional urban zones, i.e., cities and their peri-urban areas. These functional urban zones have been the country’s main economic engines, with the fastest growth between 2002 and 2011. In 2011, the functional urban zones of București, Cluj-Napoca, Timișoara, Iași, Craiova, Constanța, Brașov, and Ploiești generated around 75 percent of all firm revenues in Romania.

Functional urban zones do not operate at their full potential, as they lack proper integrated planning and a common vision. New industrial powerhouses like Timișoara or Sibiu have very low in-city unemployment but face challenges in attracting additional labor force participants from surrounding areas because of the poorly developed connective infrastructure.

Although most localities registered some level of development between 2002 and 2011, rural areas, particularly those further away from dynamic urban centers, have had the slowest growth. This slow growth affects the capacity of rural localities to provide the needed public investments that will allow people in rural areas to have the same start in life as people in urban areas. Fully 75 percent of communities in Romania will be unable to allocate more than €2.5 million for capital investments between 2014 and 2022. In essence, this means that around 2,400 communities have an investment
budget that allows them to, at most, rehabilitate a communal road and a school.

**Figure 6. Level of Development by Locality in 2002**

![Map showing level of development by locality in 2002.](https://example.com/figure6)

**Figure 7. Level of Development by Locality in 2011**

![Map showing level of development by locality in 2011.](https://example.com/figure7)


Note: The blank spots indicate localities for which no data were available.

A key priority going forward is to accelerate urbanization in Romania. To have a stronger economy, Romania needs to have stronger cities. To have stronger cities it is important to ensure a number of key prerequisites: better connections between dynamic cities and large international markets (particularly EU markets); better connectivity between cities and surrounding localities to enable more people to have access to opportunities; and an increase in the quality of life in cities to enable them to attract and retain people.

Improving access to basic services for the rural population and providing integrated solutions for marginalized communities are also necessary. Although rural and less-urbanized areas have a lower growth potential, rural residents should be offered the same start in life as those in the cities. It is therefore critical to provide a basic set of services, such as good education, easy access to health care, affordable and durable water and sewage systems, adequate sanitation, and good roads. Given that rural localities have a low capacity to finance public investments, investment needs in rural areas could be covered through well-targeted national investment programs. It is also important to identify targeted measures for marginalized groups in the country.

### Energy

Romania remains among the most energy-intensive economies in the EU because of structural issues, including inefficiency in thermal power generation, manufacturing (chemicals and steel in particular), and other major end uses, such as space heating. Key financing gaps exist, especially in mobilizing private sector investments in energy efficiency. Important energy sector reforms have been implemented but governance, regulation, and subsidies reform remain unfinished. Implementation capacity is lacking, which has contributed to the underutilization of EU funds in this area.

Shifting toward a low-carbon economy poses three main challenges for Romania: (i) securing a reliable and cleaner energy supply, (ii) increasing energy efficiency, and (iii) maintaining energy affordability. Per capita fuel and electricity consumption in Romania are among the lowest in the EU at about 51 and 47 percent of the EU average, respectively. Significant increases in energy demand are expected as growth and convergence continue. Fossil fuels account for 77 percent of Romania’s primary energy supply; natural gas accounts for about 40 percent of all fossil fuels, but its share has been declining due to the dwindling domestic supply. The energy sector needs to ensure a reliable supply for the growing demand while pursuing cost-effective de-carbonization options. Large opportunities exist in the end-use sectors to reduce future energy demand through energy-efficiency investments and behavioral changes, as indicated in the energy intensity gap between Romania and the EU15 countries. While there are still significant gains from economic structural adjustments, much of future energy productivity improvement will come from investments in retrofits and energy-efficient designs and technologies, areas where success has been limited by policy barriers and implementation constraints. Energy affordability remains a key issue, especially in the residential sector.

### Environment

Environmental protection and climate change are high on the Romanian Government’s agenda. Romania has committed to achieve the EU 20/20/20 energy/climate change package and to follow the future targets of the 2030 climate/energy package and the EU’s Low Carbon Roadmap to build a competitive low-carbon Europe by 2050. Romania needs to: (i) thoroughly analyze the opportunities, benefits, options, and related costs over the medium and long term to meet these targets; (ii) prepare a comprehensive program for funding climate change and green growth under the next programming period for EU financing (2014–20); (iii) improve climate change mitigation and adaptation policies by enhancing inter-ministerial cooperation; (iv) adapt to the economic risks of climate change by preparing and implementing an adaptation action plan; and (v) streamline the environmental permitting process. Romania has played an active role in international cooperation on these issues, in
particular, in the macro-regional EU Strategy for the Danube Region, endorsed in 2011.

Transport

The underdeveloped core motorway network is having a negative impact on domestic and regional economic development. Out of almost 2,500 kilometers of the core TEN-T network in Romania, only about 700 are at motorways standard. The completion of the core TEN-T road network requires more than €16 billion, while the EU Large Infrastructure Programme will allocate less than €4 billion during the 2014–20 period. Furthermore, additional investments are needed to build planned expressways and rehabilitate the existing network. In the past 20 years, only 5,000 kilometers of road were rehabilitated, and it is estimated that around 40 percent of the network is still in poor condition.

Railways are heavily indebted and subsidized as a result of inefficient operations and an oversized network in a context of decreasing traffic volumes. The railway system today hosts only one-third of overall traffic compared to almost two-thirds in the 1990s. This change partially reflects the transport demands of a market economy, but it is also an illustration of poor infrastructure and inefficient rail operations. The average commercial speed in 2012 was 29 kilometers per hour (kph) for freight trains and 45 kph for passenger trains. The length of the rail network in Romania exceeds actual demand, and 80 percent of the traffic is carried on 50 percent of the network. In addition to the low traffic density compared to the rest of Europe, the governance of the sector is also problematic, including low employee productivity and the prevalence of train companies operating at a loss, resulting in high arrears or accumulated debts. The rail companies are among the top arrears generators of public central and subnational entities.

Agriculture

A strongly polarized farm structure dominated by aging farmers holds back sector performance. Some 90 percent of Romanian farms operate on fewer than 5 hectares, while collectively utilizing 30 percent of the land. Romania has one of the most polarized agriculture sectors in the EU, with holdings of over 50 hectares (less than 0.5 percent of the total) accounting for 50 percent of farm area. The degree of bipolarity differs by commodity; it is strong for cereal, poultry, and pigs (typical products in subsistence agriculture systems), whereas horticulture, cattle, and fodder are concentrated in small and medium farms. Oilseeds are mostly produced on large holdings.

In the medium and long term, the demographic shift will likely be the major driving factor on farm structures. About 40 percent of the units are managed by farmers older than 65, but they contribute only 25 percent to the agriculture output. These factors limit the efficient use of natural, human, and financial resources, impede the marketability of agri-food products, and hamper modernization and technological advancement in agriculture. By 2030, some 1.5 million farms operating on 3 million hectares of farm land are expected to be subject to intergenerational transfer. Managing this change, while ensuring adequate social protection and basic services for the growing rural elderly population, will be a major challenge.

Incomplete land reform and the lack of land and non-land asset registration hamper a functional land market and the legal leasing of land. Removing barriers to land registration and completing the systematic registration of rural land in a reasonable time frame are key priorities.

In the future, the Government will need to consider: tackling land tenure security and high transaction costs in the land market; creating off-farm employment to absorb surplus labor in agriculture; rethinking pension benefits and social security; addressing deficiencies in administration; improving the quality of services provided to beneficiaries of the EU Common Agriculture Policy and of national support schemes; and enhancing the capacity to monitor and enforce food safety and quality standards. Improvement of the quality of life in rural areas is an overarching goal that involves the development and modernization of basic rural services and infrastructure.

Education

One of Romania's key priorities is using all of its human resources at their highest capacity, especially in the context of declining working and student populations. This will require providing high-quality, relevant, and affordable opportunities for enhancing education and skills for every citizen.

The Romanian education system has undergone important reforms over past decades, although there is a significant unfinished agenda. Romania has seen a small expansion of early childhood education and care provision for ages 3–6, with the gross enrollment rate increasing from 71.8 percent in 2003–04 to 78.4 percent in 2011–12. Discrepancies between rural and urban areas prevail, although they decrease every year, reaching 4.5 percentage points in 2011–12. Enrollment in primary and secondary education in Romania improved early in the last decade; however, there has been a recent decrease in the enrollment rates at the primary and lower secondary levels. In 2012, that rate went down to 90.6 percent from a high of 100 percent in 2005–06.

Quality and equity of basic education remain an issue, and too many Romanian youths graduate with poor cognitive foundation skills. Low baccalaureate (secondary school) pass rates and the results of international assessments indicate problems with quality
and pedagogy. Through most of the 2000s, roughly 80 percent of secondary education graduates were able to successfully pass the baccalaureate exam. The average dropout rate in high schools increased from 2.2 percent to 3.8 percent from 2009 to 2011, with higher rates in technological high schools (5.3 percent in 2011) and in high schools located in rural areas (around 7 percent in grade 11 in 2012). In the same period, the graduation rate of 18-year-old students with baccalaureate diplomas decreased from 63.4 percent to 39.2 percent, due in large part to changes to the exam and administration procedures. On average, the baccalaureate pass rate dropped from 78 percent to 58 percent from 2009 to 2013, with lower rates for graduates from technological high schools (close to 20 percent in some cases).

Beyond compulsory education, the difference in enrollment between Roma and non-Roma individuals is large. Only 10 percent of Roma adults (defined as those between the ages of 25 and 64 years old) have completed all four years of secondary education, in stark contrast to 58 percent of their non-Roma neighbors and the even higher completion rate of the general population. Completion rates are particularly low among Roma women. The gap between Roma and non-Roma enrollment is especially wide among young people aged 16–19. Only 18 percent of Roma women and 29 percent of Roma men in that age group are still enrolled in school, and only 23 percent of Roma youths are in upper secondary education (compared with 83 percent of non-Roma).

**Figure 8. The Gap in Education Outcomes between the Roma and Non-Roma**

---

and do not meet the current needs of the population. While some hospitals have been modernized and emergency services enhanced, distortions in the service delivery structure have not been eliminated. There are too many hospitals with too many beds and very few facilities for specialized outpatient services and secondary ambulatory care (diagnosis and treatment), and primary care physicians are underutilized.

Romania has the lowest health expenditure per capita (€753 at purchasing power parity) among the EU member states, and it is three times lower than the EU28 average. Between 2009 and 2012, expenditure on health in real terms (adjusted for inflation) decreased on average by 0.6 percent (due to cuts in the health workforce and salaries, reductions in fees paid to health providers, lower pharmaceutical prices, and increased patient copayments). In Romania, the annual average growth rate in per capita health expenditure in real terms was 0.4 percent (2009–12) compared to 9.1 percent in previous years (2000–09).

**Figure 9. Total Public Expenditure on Health as a percentage of GDP/Total Public Expenditure in Romania and in the EU27**

---

**Social Protection**

Romania’s social protection efforts are still the weakest in the EU despite the increasing availability of funds. Social protection spending as a percentage of GDP is considerably lower in Romania than in developed European countries on both cash and in-kind benefits (goods and services). Expenditure on cash benefits in Romania followed the European trend of having increased during the global financial crisis, whereas in-kind services have constantly received about 4–5 percent of Romania’s GDP compared with the EU28 average of 8–10 percent (more than 10 percent in the EU15, with an increasing trend after 2008).

The highest spending on social services (other than medical care) is oriented toward protecting the population against the risks or needs of children and families and persons with disabilities. All other risks or needs have consistently been severely underfinanced.
The low expenditures on in-kind benefits have resulted in a limited spectrum of services. Considering the major demographic trends that Romania will face in the coming years, the Government needs to pay more attention and allocate higher budgets to risks and needs related to old age. In addition, social housing services receive disproportionately small budgets in Romania in comparison with other European countries.

Figure 10. Social Protection Spending by Type, 2000–11


The social assistance system has produced mixed results in terms of protecting the poor and vulnerable. Targeting accuracy varies among the social assistance programs measured in the 2013 Household Budget Survey (HBS). Means-tested programs for low-income households have a very good targeting accuracy, with about two-thirds of targeted benefits accruing to those in the poorest quintiles. The targeting accuracy of the means-tested programs is on par with the best last-resort programs in the EU. This share is substantially higher than for categorically targeted programs (for family policy programs or for people with disabilities), which transfer about a third of their funds to the poorest quintile. Overall, the targeting accuracy of the system (33 percent in 2013) is rather low, due to the prevalence of categorically targeted programs.

The social assistance system is still dominated by universal and categorical programs, which reduces the impact of overall social assistance spending on poverty reduction. In 2011, the budget for means-tested programs shrank disproportionately more than the non-targeted ones (from 21 percent in 2010 to 13 percent in 2011) and has not recovered since. In 2014, it represented only 17 percent of the total budget. This feature has reduced the efficiency of the social assistance system in reducing poverty, given that means-tested programs channel about 67 percent of their funds to the poorest quintile, while categorical programs only one-third.

WORLD BANK GROUP PROGRAM


Under a new Country Partnership Strategy (CPS) 2014–17, the World Bank supports Romania’s efforts to accelerate structural reforms. The Bank engages in Romania through the full range of its instruments: financing, analytical and advisory activities, and Reimbursable Advisory Services (RAS). The Bank coordinates closely with the IMF-EC program through a series of Development Policy Loans (DPLs). The Bank engages in ad hoc cooperation with the EC in selected areas (in particular, in areas where the Bank’s technical expertise and local knowledge can contribute to advancing Romania’s EU agenda).

Romania-Bank engagement over FY14–17 aims at advancing poverty reduction and promoting shared prosperity. The CPS includes three main pillars. The first is Creating a 21st Century Government, with a focus on a well-functioning public administration that effectively utilizes all fiscal resources (including EU funds), IFC’s involvement in financing municipalities and in large public-private partnership (PPP) structuring will ensure the transfer of best practice and capacity building at local administration levels. The second is Growth and Private Sector Job Creation, seeking sustainable poverty mitigation and shared prosperity through improving the business environment and governance of state-owned enterprises (SOEs), especially in energy and transport, promoting innovation, and furthering the digital agenda and competitiveness. IFC will reengage in privatization, especially in the energy sector, supporting the private sector in modernizing the economy via competitive technologies and better governance in the real sector and infrastructure. The third is Social Inclusion, a key to the EU’s Europe 2020 Agenda, the driver for shared prosperity and sustainable development.

The Bank’s FY15 program in Romania consists of seven active lending projects complemented by four trust funds and a program of 28 analytical and advisory tasks, out of which 17 are ongoing RAS agreements.

Lending projects: the seven active projects as of FY15 amount to US$3.7 billion, with a net undisbursed commitment of US$1.88 billion. These include: (i) investment project financing (IPF), representing 37 percent of the portfolio and including the recently approved Health Sector Reform Project (US$338 million), the innovative Results-Based Project for Social Assistance System Modernization (US$710 million), and two additional projects supporting reforms and infrastructure rehabilitation in the judiciary (the Judicial Reform Project, US$130 million). Investment lending blended with a Global Environment Facility (GEF) grant project called
the Integrated Nutrient Pollution Control Project (INPCP)—an IBRD loan amount of €50 million and a GEF grant amount US$5.5 million—that has been effective since December 2008. The project is highly relevant for Romania’s obligations related to the implementation of the EU Nitrates Directive and is the only one in Romania that finances direct investments (animal waste management infrastructure) in rural communities, bringing at the same time important environmental and socioeconomic benefits. A Romania Secondary Education Project (US$243 million), with a board date of March 16, 2015, will provide support to the national education program to improve the transition of Romanian students from upper secondary to tertiary education, particularly those students from disadvantaged groups; and (ii) development policy lending representing 44 percent of the portfolio and including a substantial Fiscal Effectiveness and Growth Development Policy Loan (FEG DPL) that helps (a) strengthen Romania’s fiscal management (debt management and the quality of public spending) and SOE performance; and (b) improve the functioning of the property, energy, and capital markets. The FEG DPL is the first of the DPL series under the new CPS presented to the Board in May 2014 jointly with this operation. A second FEG DPL project (FY16) is under preparation, aiming to consolidate the reforms initiated by FEG DPL1.

Trust funds: there are three active country-executed trust funds totaling US$10.29 million, with an undisbursed commitment of US$4.7 million. This includes a Carbon Fund (CF) for afforestation of degraded agricultural land; a GEF co-financing for the Nutrients Pollution Control Project; and a Japanese Policy and Human Resources Development (PHRD) grant for policy making for people with disabilities. In addition to the three active trust funds, a new trust fund worth US$0.488 million for Strengthening Financial Accountability was approved by the Bank in November 2014 and is not yet effective.

Analytical and Advisory Activities (AAA): Eleven non-RAS analytical and advisory activities are addressing themes of major interest, such as promoting the social inclusion of marginalized and disadvantaged Roma, establishing systematic land registration, improving fiscal effectiveness, and revitalizing sustainable activities and benefits sharing in the mining sector. The ongoing service agreements for the 17 RAS worth US$41.34 million represent one of the largest RAS programs in the region and in the Bank. Since 2010, 42 agreements totaling US$63.8 million have been signed.

The financial crisis of 2008 revealed weaknesses in public administration and exacerbated the challenges faced by Romania, including low EU funds absorption. In 2010–11, the Bank launched its first RAS program, conducting functional reviews of government institutions to diagnose structural bottlenecks to growth and provide operational recommendations for capacity building. The World Bank has made major efforts to respond to the large and rapid demand for knowledge and advisory activities in Romania. By expanding the range of instruments to meet Romania’s specific needs, RAS have enhanced the Bank’s role as reform advocate, neutral stakeholder, and trusted adviser to the Government.

Since 2012, the Bank has been providing advisory services in a broad range of areas, covering activities to support strategy formulation and analyses to substantiate policy decision making, with the objectives of: (i) modernizing public administration: a set of 14 advisory service engagements to support institutional capacity strengthening, strategic planning, and internal management (improving human resources management, organizational structure, monitoring and delivery functions, IT systems, etc.) and to implement selected government actions derived from adopted Functional Review recommendations; and (ii) helping Romania prepare for the 2014–20 programming period: an evolving package of 26 advisory services support Romania to improve management of EU Structural And Cohesion Funds and to meet ex-ante conditionalities that unlock access to EU 2014–20 programming period funds.

The Bank has been providing advisory services to more than 15 institutions, including line ministries, government agencies, and local authorities. The largest RAS program has been with the Ministry of Regional Development and Public Administration, involving eight activities: six covering regional development aspects and enhancing the administrative capacity of management authority were completed and two are currently under implementation (one to assist in strengthening procedures and practices for prioritization of investments at the subnational level and one to assist in strategy formulation for the Danube Delta region). The Chancellery of the Prime Minister receives support in establishing a delivery system and a Delivery Unit aimed at improving and strengthening the Government’s capacity to implement selected policy priorities and deliver results. Engagements with the Ministry of Labor and Ministry of National Education support strategy development for active aging, social inclusion, poverty reduction, early school leaving reduction, tertiary education, and lifelong learning, which constitute ex-ante conditionalities for Romania in order to access EU funds under the 2014–20 programming period. The assistance to the Ministry of Public Finance has been on capacity building, and the current engagement is supporting the setup of the public investment management unit.

RAS outputs have succeeded in informing strategic documents, policymaking, and the prioritization of decisions prepared by the Government. Findings and recommendations provided under the RAS informed the drafting of strategic documents (Partnership Agreement, strategies, regional development plans) or the decision making for more efficient management of EU funds.
The ongoing RAS program is centered on key engagements, requiring cross-sectoral coordination and addressing transversal thematic areas. Focus is on poverty reduction, regional development, strengthened public administration (prioritization of public investments and service delivery), the environment, and education. All are considered significant areas by the Government and the outputs produced under the RAS contribute to Romania’s growth and development. These areas of engagement remain relevant for the next programming period. Going forward, several requests for assistance have been received and are under consideration.

International Finance Corporation

Since the start of operations in Romania in 1990 through FY14, IFC has invested approximately US$2 billion in 84 projects, including US$556 million in mobilization. As of December 31, 2014, IFC’s Committed Portfolio in Romania stood at US$582 million (US$513 million outstanding). At present, Romania is IFC’s fourth-largest country exposure in the Central and Eastern Europe region after Turkey, Russia, and Ukraine, accounting for 1.3 percent of its outstanding global portfolio. IFC has played an active crisis response role in Romania. From FY09 to FY14, IFC invested approximately US$1.1 billion of its own funds and mobilized an additional US$277 million in 36 projects in various sectors. Particular support was provided to the financial, renewable energy, and health sectors. In the first half of FY15, IFC committed US$85 million in long-term financing in three projects.

FY14 was a banner year for IFC in Romania, with commitments totaling US$335 million in eight projects. Commitments in the financial sector include investment in the local currency bond issued by Raiffeisen Bank trade finance lines with BancaPost, Banca Transilvania, and Banca Românească, and a US$37.9 million senior loan to UniCredit Romania for on-lending to SMEs. Infrastructure commitments this fiscal year consist of a US$7.6 million loan for Botosani Heating (cofinancing a district heating and energy-efficiency rehabilitation program in the city of Botosani in northeastern Romania) and a US$34.3 million loan for Timisoara (cofinancing EU projects in transportation, district heating, urban renewal, and social infrastructure).

IFC is targeting commitments of US$250 million in FY15. While external vulnerabilities remain elevated, IFC will continue to play a countercyclical role through selective private sector investments. In the real sector, this includes supporting projects that create jobs, increase investment in underserved frontier regions, contribute to the growth and competitiveness of local firms in sectors such as agribusiness and information technology, improve resource efficiency, and increase private sector participation in developing infrastructure and municipal utilities. It is anticipated that IFC will invest increasingly selectively as Romania’s recovery progresses and external vulnerabilities recede. IFC has also implemented 26 advisory services projects in Romania since 1990 in a variety of sectors. IFC currently has three active advisory projects in Romania, through which IFC will assist the municipality of Bucharest to structure and implement a concession of the integrated capital district heating services—the generation, transport, and distribution of district heat. The concession is expected to improve service quality to enable the necessary investments in both generation and distribution and to streamline and increase the efficiency of operations so as to have a significant impact on climate change. The second project is also focusing on climate change by improving district heating for the city of Botosani, while the third consists of risk management advisory for the largest local player in the banking sector, Banca Transilvania.

IFC will continue to play a short-term countercyclical role, primarily in the financial sector, while pursuing longer-term strategic priorities as described below. There are two predominant short-term strategic priorities: crisis response and recovery. Romanian financial institutions and businesses continue to struggle with the fallout from the financial crisis and are faced with new threats stemming from Western Europe’s debt crisis and the prolonged global economic slowdown. In this context, IFC will continue to support existing banking sector clients as necessary, including through (i) provision of short-term finance, such as trade finance, to address immediate liquidity concerns; (ii) mezzanine and equity investments to strengthen bank capitalization; and (iii) micro, small, and medium-sized enterprise (MSME) finance to sustain funding to the most vulnerable businesses. If there is demand, IFC may also explore opportunities to offer cross currencies swap lines and to invest in distressed asset platforms to assist banks with NPL resolution.

Long-Term Strategic Priorities. The overarching long-term objective of the FY14–17 CPS for Romania is to support the country’s convergence with the EU through robust, sustainable, and equitable growth and enhanced competitiveness. IFC has a role to play in supporting growth and enhancing economic competitiveness through the selective financing of private sector projects, with an emphasis on helping the country to absorb EU funds in priority areas such as agriculture and infrastructure, plus ongoing financial sector support. In agriculture, IFC will seek opportunities to work with financial intermediaries to provide financing to farmers and SMEs in the agriculture sector, which has been largely neglected by commercial banks. On infrastructure, IFC is focused on addressing bottlenecks to growth and improving access to markets, goods, and services through infrastructure investments, particularly in the energy sector and in transport and logistics. In FY14, IFC invested US$42 million in subnational infrastructure and is also seeking to invest through PPPs, having supported Romania’s only successful PPPs to date in the water and health sectors. In
FY15, IFC made US$25 million equivalent in local currency loan investments to support the rehabilitation of the road infrastructure of the Municipality of Bucharest in the Romana Square area. On financial markets, in the banking sector, which is largely dominated by foreign banks (about 90 percent of banking assets), IFC’s longer-term strategy is to work with local banks to strengthen their capacity to provide loans to underserved sectors such as MSMEs and the agribusiness sector, and to promote products such as local currency and renewable and energy-efficiency finance.

**Multilateral Investment Guarantee Agency**

**MIGA is striving to reengage in Romania.** MIGA has not provided any new guarantees in Romania since 2004. However, the Romanian authorities have expressed keen interest in MIGA’s credit enhancement products. MIGA has identified relevant SOEs in the country’s energy sector with a view to potentially providing guarantees for Romanian state-owned utilities to modernize and expand local and regional interconnection networks. The financing needs for the sector are estimated to be in the order of €30 billion (US$41 billion) for a period of 10–15 years, and thus MIGA can be only a part of any financing solution.
LENDING PORTFOLIO

ROMANIA SECONDARY EDUCATION PROJECT (ROSE) PROJECT

Approved: March 16, 2015
Effective: not yet effective
Closed: December 31, 2022
Financial in Million US Dollars:

<table>
<thead>
<tr>
<th>Financier</th>
<th>Financing</th>
<th>Disbursed*</th>
<th>Undisbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBRD Loan</td>
<td>243.1</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

*World Bank Disbursements as of March 16, 2015

Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

The Program Development Objectives are to improve the transition from upper secondary to tertiary education and increase retention in the first year of tertiary education in project-supported education institutions.

Selected Key Developments:
The ROSE project is structured in three components, with the first two designed to address the academic and personal reasons for poor student performance in upper secondary and in the first year of tertiary education. Component 1, School-Based and Systemic Interventions, would finance supply-side interventions at the school and system levels to address the academic and personal factors hindering Romanian students from transitioning from upper secondary to tertiary education, including dropping out, declining to take the baccalaureate, or scoring a low mark on the baccalaureate. Component 2, University-Level Interventions and Bridge Programs, would support the needs of students who are at risk of dropping out of public faculties in the first year of study. In particular, these students tend to have entered or are likely to enter a faculty with low marks on the baccalaureate (not greater than seven), are more often from rural communities or lower socioeconomic groups, or are Roma students. The third component, which covers project management and monitoring and evaluation (M&E), would finance day-to-day project management activities, M&E activities, project audits, and operational and staffing costs of the Ministry of Education and Scientific Research (MoESR) Unit for Externally Financed Projects. Project M&E activities would include surveys of high school students attending bridge programs, an impact evaluation of the high school grants program, and an analysis of existing demand-side programs.

Higher Level Objectives to which the Project Contributes
The objectives of the proposed project are consistent with the World Bank Group’s Country Partnership Strategy (CPS) for Romania (FY14–17). The CPS has a strategic pillar on growth and jobs creation, with a focus on education and skills. Specifically, the ROSE project would contribute to achieving the country goal on inclusive and efficient labor markets through improved education and skills. It would also contribute to the pillar on social inclusion by instituting policies to rectify inequalities related to socioeconomic status and the marginalization of specific communities, including the Roma population and those living in rural areas. Moreover, the ROSE project would contribute toward achieving the country goal on the provision of inclusive services, which include education, for marginalized communities. In addition to national goals articulated in the CPS, the proposed project is aligned with the World Bank Group’s goals of ending extreme poverty and boosting shared prosperity. Education is a fundamental building block of human capital, and secondary education in particular provides the higher-level skills that are required for success in the labor market or in more advanced levels of education. A high-quality education is linked to both poverty reduction and productivity growth, both of which contribute to shared prosperity. Also, by supporting interventions targeting high schools and university faculties serving disadvantaged students, the proposed project would disproportionately benefit those students for whom extreme poverty and other socioeconomic disadvantages represent major constraints to secondary school completion and transition to tertiary education.

The project contributes to CPS Pillar 2 - Growth and Job Creation
The Government requested the Fiscal Effectiveness and Growth Development Policy Loan (FEG DPL) to support its institutional reforms to strengthen fiscal effectiveness, state-owned enterprise (SOE) performance, and market institutions, all of which are high-priority reform areas with deep Bank engagement.

The Government is working to make fiscal policy more effective as part of the next stage of fiscal reforms. The FEG DPL complements precautionary financial assistance arrangements with the International Monetary Fund (IMF) and the European Union (EU). The FEG DPL series takes into account lessons learned from previous development policy lending and International Bank for Reconstruction and Development (IBRD) support.

The Program Development Objective: To support Romania’s goals of: (i) strengthening fiscal management (debt management and the quality of public spending) and the performance of SOEs; and (ii) improving the functioning of the property, energy, and capital markets.

Key Expected Results by the end of 2016:

- The average maturity of government domestic debt will be 3.7 years, increasing from 2.7 in 2013.
- The share of total budgets of pilot ministries presented by programs linked to and informed by results indicators will be 50 percent, increasing from 0 in 2013.
- The average time to complete a significant project will decline from 12 years at end-2013 to eight years through the completion, restructuring, and cancellation of ongoing projects and the approval of new projects.
- Coverage of the poorest 20 percent of the population by the Minimum Social Insertion Program (MSIP) during the January–March season will reach 70 percent from 62 percent in 2012.
- The number of SOEs receiving unqualified audit opinion will increase to 20 from 8 in 2013.
- The number of SOEs reporting under International Financial Reporting Standards (IFRS) will increase to 20 from 5 in 2013.
- Registration of urban real estate will increase to 49 percent of all urban real estate from 39 percent in 2013.
- Electricity contracted for same-year delivery on the OPCOM market will reach 45.0 terawatt hours (Twh), increasing from 38.3 Twh in 2013.
- The amount of natural gas traded on centralized platforms will reach 2 billion cubic meters from 0 in 2013.
- International trade in electricity (exports plus imports) will reach 4.0 Twh, up from 2.6 Twh at the end of 2012.
- 18 procedures for capital market participation will be streamlined.

The project contributes to CPS Pillar 1 – Creating a 21st Century Government and CPS Pillar 2 – Growth and Job Creation.
Elective surgeries include cataract surgery, knee arthroscopy, surgery of varicose veins, anal surgery (hemorrhoids), carpal syndrome corrective surgery, and removal of osteosynthetic material.

The Health Sector Reform project continues the World Bank’s support to the Romanian Government for the implementation of key elements of its 2000 health reform program begun in 2000 and also for the rehabilitation of the maternity and neonatal care units and selected emergency units (through the Health Sector Reform APL 1 and 2).

The Project Development Objective is to improve access to, and the quality and efficiency of, public health services in Romania. While the proposed project will benefit the entire Romanian population, those who currently have the least access to good quality health services will benefit the most, such as those with limited financial resources or those living in marginalized areas, including Roma, as well as other vulnerable groups that will benefit from enhanced primary health care and community care services.

Defining the role to be played by health facilities in the context of referral health networks, introducing care standards (care pathways) and gender-specific interventions (for example, cancer screening), and increasing access to ambulatory and daycare services for secondary health care will improve the performance of the health system and reduce inequities.

Key Expected Results:

- At least 70 percent of eligible women age 25–60 to have one test for cervical cancer in the past three years.
- At least 25 percent of hospitals in the rationalized network contracted by the National Health Insurance House (NHIH) to be subject to a technical/clinical audit in the previous 12 months and to have shown explicit quality-oriented disease management arrangements, including explicit protocols and quality indicators to fight noncommunicable diseases.
- The first phase of the Hospital Rationalization Plan has been implemented and has achieved the following milestones:
  (i) Hospital payment system is updated, based on the results of standardized cost accounting systems implemented in pilot hospitals.
  (ii) At least 30 percent of all surgeries paid by the NHIH and included in a list of elective surgeries are performed as outpatient and ambulatory surgeries.
  (iii) The number of public acute beds per 1,000 inhabitants to be reduced to 4.5.

The project contributes to CPS Pillar 1 – Creating a 21st Century Government and CPS Pillar 3 – Social Inclusion

---

1 Elective surgeries include cataract surgery, knee arthroscopy, surgery of varicose veins, anal surgery (hemorrhoids), carpal syndrome corrective surgery, and removal of osteosynthetic material.
ROMANIA: SOCIAL ASSISTANCE SYSTEM MODERNIZATION PROJECT (SASMP)

Approved: May 26, 2011
Effective: April 30, 2012
Revised Closing: August 31, 2016
Financing in Million US Dollars:

<table>
<thead>
<tr>
<th>Financier</th>
<th>Financing</th>
<th>Disbursed</th>
<th>Undisbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBRD Loan</td>
<td>710.4</td>
<td>355.2</td>
<td>355.2</td>
</tr>
</tbody>
</table>

*World Bank Disbursements as of March 16, 2015

Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

The Project Development Objective. The project aims to improve the overall performance of Romania’s social assistance system by strengthening performance management, improving equity and administrative efficiency, and reducing error and fraud.

SASMP plays a significant role in areas such as shared prosperity and knowledge generation and sharing, and the project has already disseminated its experience within the Europe and Central Asia (ECA) region and internationally.

Key Expected Results
The project aims to improve the performance of Romania’s social assistance system, with a focus on the Government’s main programs for low-income households, the disabled, and families with children. It is organized around four key results areas, each contributing to the project objective:

- Strengthened performance management: Romania’s social assistance reform is implemented according to a results-oriented strategy and action plan and is supported by a performance management (monitoring and evaluation) system.
- Improved equity: The share of social assistance funds going to the poorest quintile of the population will increase.
- Improved administrative efficiency: Administrative and client costs for means-tested programs will be reduced by 15 percent from baseline value.
- Reduced error and fraud: Programs for low-income households, disability benefits, and family policy programs have strengthened information systems, oversight, and control procedures.

Important progress is being made with the reform and institutional development agenda. Nine disbursement-linked indicators (DLIs) in all results areas were met: DLI 1: Action Plan; DLI 2: Monitoring Reports; DLI 4: Family Allowance benefits with harmonized means-testing and lower eligibility threshold; DLI 5: Child Raising Benefits using lower replacement income; DLI 8: Harmonized means-testing procedures for the guaranteed minimum income (GMI), financial assistance (FA), and heating benefits disseminated; DLI 13: thematic inspection of four programs; DLI 15: GMI paid through the National Agency for Social Benefits; and DLI 18–20: National Agency for Payments and Social Inspection (NAPSI) to undertake data matching, covering a period of at least three months, between SAFIR records and income information derived from databases managed by National Public Pension House, National Employment Agency, National Agency for Fiscal Administration (NAFA), and the National Civil Registry, and lists of detected irregularities are sent to Social Inspection for remedial actions. The main government priorities ahead are: (i) continue to move toward fewer programs (and introduce a new Minimum Insertion Income scheme) with simpler and standardized application procedures; (ii) improve eligibility criteria for means-tested programs to achieve both stronger targeting and higher coverage of the poor (e.g., by eliminating the list of asset filters that exclude genuinely poor households from means-tested programs); (iii) support the transition from assistance to work for the one-half million adults in the poorest quintile who benefit from cash assistance but do not work; (iv) promote household investments in the human capital of their children; (v) expand the Social Assistance (SA) Management Information System (MIS) (SAFIR) to cover more programs and link to other databases; (vi) improve the capacity to use the MIS for decision making; and (vii) increase Social Inspectorate capacity and authority to enforce action where fraud and corruption are found. Work has begun on these key elements that will underpin some of the more complex reform efforts, as well as on an accompanying communications strategy. Technical assistance support is provided from the Social Inclusion Project. A second restructuring of SASMP was discussed with the Government to fine tune the PDO indicator (DLI 7) in line with the results of a recent technical audit and to align the closing to the timetable for the Minimum Insertion Income.

Project contributes to CPS Pillar 3 – Social Inclusion
The Project Development Objective. The overall development objective of the project is to support the Government of Romania to meet the EU Nitrates Directive requirements by reducing nutrient discharges into bodies of water, promoting behavioral change at the community level, and strengthening institutional and regulatory capacity. The Integrated Nutrient Pollution Control project (INPCP) cofinancing Global Environment Facility (GEF) has the specific objective of reducing, over the long term, the discharge of nutrients into bodies of water leading to the Danube River and Black Sea through integrated land and water management.

Key Expected Results and Current Achievements:

The proposed interventions build on the successes of a pilot activity in Calarasi County, and help to implement priority actions identified in the Black Sea-Danube Strategic Partnership Nutrient Reduction Investment Fund, the Danube River Strategic Action Plan, and the Danube River Basin Pollution Reduction Program supported by the GEF.

To date, on-the-ground implementation progress includes: (i) a major public awareness campaign, critical for helping Romania to achieve the EU’s Nitrate Directive's objectives, is under implementation, and support to the Ministry of Environment and Climate Change (MECC) and awareness to the Ministry of European Funds to ensure that proposals and funds are included under new Operational Programs (2014–20) for implementation of the EU Nitrate Directive; (ii) construction and delivery of 39 communal and 1,128 household manure platforms in nine training and demonstration sites (TDS) and 25 nitrate vulnerable zone (NVZ) communes; (iii) purchase and delivery of 2,837 household waste segregation plastic bins; (iv) procurement and delivery of equipment for animal waste management (including 29 front loaders, 35 tractors, 70 agricultural trailers, 29 vacuum tankers, and 29 manure spreaders); (v) tree planting on 87.2 hectares in 10 communes; (vi) completion and delivery of the extension of the Voina Training Center; (vii) four out of nine commune wastewater investments completed (and five under construction); (viii) a total area of 127 hectares planted with trees in 37 communes completed, out of an estimated 826 hectares; and (ix) the construction of 40 piezometers in four river basins completed, out of total 115 piezometers in 10 river basins. To finalize all project activities and reach all its developmental objectives, a 23-month extension was given to the project in July 2013.

The project’s key outcomes:

- Per mid-term measurement: 65 wells monitored in NVZs covered by INPCP showed nitrate (NO3) concentrations to be at least 10 percent lower as compared to the values measured in 2009 (representing 52 percent of targeted zones vs. a final 80 percent target); 23 percent of the population in the project area (vs. the 50 percent final target) adopted remedial measures to reduce nutrient discharges, based on data per mid-term Social Survey, average index for Treatment Groups (11 TDS) and Control Group 3 (10 of the 58 NVZ communes receiving project investments).
- Improved intergovernmental coordination and capacity to report on implementation of the EU Nitrates Directive.
- Test/demonstrate the feasibility of biogas/energy cogeneration from manure/organic household waste.

Donor coordination: The nitrates reduction investments were identified as an urgent priority by the Ministry of Environment and Climate Change (MECC) and were highlighted in a Memorandum of Understanding between the Prime Minister, the Ministry of Public Finance, and the Ministry of Environment and Forests (MEF) as a high priority for IBRD funds. A GEF of US$5.5 million under the Danube Black Sea Strategic Partnership provides incremental support for nutrient control measures under the project, of which 50 percent has been disbursed.

The project contributes to CPS Pillar 2 – Growth and Job Creation.
When the Romanian Government embarked on an ambitious economic development program to enhance economic growth, reduce poverty, and promote smooth integration into the EU, it was evident that sustained progress in growth and investment also required institutional reforms. A weak judicial system, poor accountability, and the widespread perception of corruption were seen as liabilities to business and therefore to private sector investment and growth.

**The Project Development Objective.** The project's development objectives are: (i) improvement of judicial efficiency and transparency; (ii) upgrading of court infrastructure and automation; and (iii) institution building for the main judicial governing bodies, all with the purpose of improving the accountability of the judiciary and addressing corruption concerns.

**Key Expected Results and Current Achievements:**

Court Infrastructure Rehabilitation was finalized for 12 out of 19 buildings included in the project and is ongoing for an additional four buildings. All activities related to institutional reform, capacity building, and training (National Institute of Magistracy and National School of Clerks) and information and communications technology (ICT) (Resource Management System for the Judiciary) are moving forward.

Some key JRP achievements so far are: the revision of the Civil Code and Criminal Procedures Code; finalization of the impact assessment required for the implementation of the new civil, criminal, civil procedure, and criminal procedure codes; completion of technical assistance related to determining the optimal volume of work of judges and court clerks and ensuring the quality of court activity; completion of the High Level Systems Analysis, Detailed Action Planning, and Procurement Support for a Resource Management System, and development of Quality Management Systems and Communications Strategies for the Ministry of Justice and the Superior Council of the Magistracy.

In order to reach the goals of efficiency and accountability, the following areas require support under the project:

- rehabilitation of at least 15 court houses in line with international standards;
- improvement of judicial efficiency in pilot courts through a program of case delay reduction;
- implementation of a Resource Management System for the judiciary to assist the Ministry of Justice (MoJ) in strengthening its overall administrative oversight of the courts and the financial management of the sector;
- institution building for the main judicial governing bodies (e.g., Superior Council of Magistrates, High Court of Cassation and Justice, and MoJ);
- finalization of four court buildings and ongoing rehabilitation work (or procurement) on an additional 16;
- adoption of all four new codes—civil, criminal, civil procedure, and criminal procedure—by the Parliament, and technical assistance for an impact assessment of their implementation for theme;
- development of objective and merit-based tests for all new magistrate recruitments as well as new teaching techniques, including e-learning and distance learning systems for training the magistrates and court clerks.

**The project contributes to CPS Pillar 1 – Creating a 21st Century Government**
The Project Development Objective: Fiscal policy is expected to continue to play an important role in anchoring overall investor expectations and providing a foundation for future growth. Given the limited headroom for new spending (other than that which can be financed via EU Structural Funds), there is a strong interest in improving the efficiency and effectiveness of revenue collection. The RAMP objectives are (i) to increase effectiveness and efficiency in the collection of taxes and social contributions; (ii) to increase tax compliance; and (iii) to reduce the burden on taxpayers to comply.

Key Expected Results and Current Achievements:

Project results will benefit (1) the Ministry of Public Finance and the National Agency for Fiscal Administration (NAFA) and its partner institutions—the National House for Public Pension, Health Insurance National House, and National Agency for Employment; (2) the Romanian taxpayers—business community and individuals—who would benefit directly from lower compliance costs and indirectly through more revenues collected to finance important social and infrastructure expenditures; (3) NAFA employees who will also benefit from an improved working environment based on streamlined operations and working methodologies as well as extensive training and access to international best practice provided by the project.

Reaching the goals of efficiency and accountability in fiscal revenues administration will be demonstrated by:

- Improvements in fiscal revenues collection, measured as:
  - (a) rate of tax arrears
  - (b) productivity rate of value added tax (VAT) and corporate income tax (CIT)
- Improved performance of NAFA staff, measured as the revenue collected per NAFA staff
- Compliance as measured by the tax gap for VAT, CIT, and personal income tax (PIT)
- Compliance cost, measured as the average time for the preparation of tax returns of large, medium, and small corporate taxpayers

So far, NAFA has undertaken a major restructuring of its operations to streamline its regional structures and improve the effectiveness of its functions at headquarters level. This is the first stage of NAFA's restructuring, with further consolidation and streamlining of activities planned in 2015. The first stage started mid-2013 and included: (i) consolidation of territorial structures into eight regional offices overseeing collection, audit, customs, internal, and treasury services of 47 county offices with operational functions and around 250 small tax offices providing basic taxpayer assistance. Overall, the number of regional offices was reduced in May 2013 (including regional offices of the financial and customs services); (ii) establishment of the Anti-Fraud Directorate at headquarters level and eight offices in the regions with the objective of fighting tax evasion and reducing the burden on auditors to conduct checks commissioned by prosecutors (this structure replaced the Financial Guard, which stopped its operation in October 2013); and (iii) customs operations were merged with NAFA at the central and regional levels.

The project contributes to CPS Pillar 1 – Creating a 21st Century Government
## TRUST FUNDS

<table>
<thead>
<tr>
<th>Name</th>
<th>Objective</th>
<th>Effective Date</th>
<th>Closing Date</th>
<th>Value Mil $</th>
<th>Disbursed</th>
<th>Undisbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>PHRD Improved Policy Making and Institutional Framework for People with Disabilities P128150/TF 10417</td>
<td>Assist the Ministry of Labor, Family and Social Protection to develop a more effective protection of persons with disabilities through improved disability assessments and better information on persons with disabilities for policy making.</td>
<td>April 25, 2012</td>
<td>April 25, 2015</td>
<td>1.72</td>
<td>0.36</td>
<td>1.36</td>
</tr>
<tr>
<td>GEF Romania Integrated Nutrient Pollution Control Project P099528/TF 058040</td>
<td>To reduce over the long term the discharge of nutrients (nitrogen and phosphorous) into bodies of water leading to the Danube and Black Seas through integrated land and water management.</td>
<td>December 8, 2008</td>
<td>November 30, 2015</td>
<td>5.5</td>
<td>3.13</td>
<td>2.37</td>
</tr>
<tr>
<td>CF Afforestation of Degraded Agricultural Land Project P075959/TF 055116</td>
<td>To reduce greenhouse gas concentrations through carbon sequestration in planted trees and in soils.</td>
<td>October 2, 2003</td>
<td>December 31, 2020</td>
<td>3.07</td>
<td>2.01</td>
<td>1.06</td>
</tr>
<tr>
<td>SMALL GRANT Strengthening Financial Accountability P152568</td>
<td>To provide direct support for the implementation of the measures under the first FEG DPL to strengthen fiscal management by improving the quality of public spending and the financial performance of SOEs.</td>
<td>Approved Nov 4, 2014 (Not Yet Effective)</td>
<td>TBD</td>
<td>0.488</td>
<td>NYE</td>
<td>NYE</td>
</tr>
</tbody>
</table>
## Romania: Assistance to the Romanian Competition Council

**Signed:** June 4, 2012  
**Duration:** 35 months  
**Value:** lei 9.96 million (US$3.28 million)  
**Key Partners:** Romanian Competition Council

**Project Objectives:** To increase the effectiveness of competition policies in relation to sectoral policies. The Functional Review of the Recipient highlighted the need for a whole-of-government approach to mainstream competition principles in Romania’s administrative agencies. The effective enforcement of competition policy requires the coordinated support of key policy agencies and regulators, as well as the enhanced capacity of the Recipient to perform its mission. The project has four main components: (i) review of the legal and regulatory framework governing market competition; (ii) strengthening of the advocacy activities in the field of competition in public and governmental bodies; (iii) implementation of a new business architecture for the Recipient that promotes high quality and security by using information and communications technology (ICT); and (iv) human resources capacity building.

## Romania: Assistance for Developing the Operational Capacity of the Inter-Community Development Association ITI Danube Delta

**Signed:** December 23, 2014  
**Duration:** 11 months  
**Value:** lei 1.75 million (US$0.53 million)  
**Key Partners:** Inter-community Development Association ITI Danube Delta

**Project Objectives:** To assist through technical assistance with time-bound, initial capacity building of the Danube Delta Inter-communal Development Association (DD ADI) to build operational foundations to coordinate and support the Integrated Territorial Investments (ITI) instrument based on the Danube Delta Integrated Sustainable Development Strategy. The ITI is a new European Commission (EC) instrument and is intended to draw on resources from different EC-funded operational programs. The project has three main components: (i) developing efficient and effective functioning conditions for ADI ITI DD by supporting the development of human, procedural, and logistic resources necessary to observe the ITI requirements during 2014–20; (ii) developing the capacity of the ADI ITI DD to support ITI beneficiaries in the process of preparing and implementing projects to facilitate absorption and efficient use of EU Structural And Investments Funds in the DD area during 2014–20; and (iii) supporting visibility for ADI ITI DD and project promotion.

## Romania: Assistance to the Muntenia Sud Development Agency for the Ploiesti Growth Pole

**Signed:** January 9, 2015  
**Duration:** 11 months  
**Value:** lei 0.59 million (US$0.18 million)  
**Key Partners:** Regional Development Agency South Muntenia

**Project Objectives:** To support the Office of the Ploiesti Growth Pole Coordinator to update the Integrated Development Plan for the 2014–20 programming period and propose an improved institutional framework for coordinating the planning, implementation, and monitoring of projects corresponding to the growth pole Integrated Development Plan. The project has two main components: (i) support for the updating of the Ploiesti Growth Pole Integrated Development Plan; and (ii) proposals for improving the Ploiesti Growth Pole’s institutional framework.


**Signed:** February 26, 2014  
**Duration:** 19 months  
**Value:** €1.36 million (US$1.83 million)  
**Key Partners:** Ministry of Labor, Family, Social Protection and Elderly Persons
**Project objectives**: To support the Ministry of Labor and Social Protection (MoLFSPE) with (i) the preparation of a draft Strategic Vision on social inclusion and poverty reduction for the period 2014–20; (ii) the preparation of a draft Strategy and Action Plan; and (iii) the preparation of a draft Implementation Plan.

The draft National Strategy on Social Inclusion and Poverty Reduction will provide a broad list of policy measures and options that could contribute to achieving the goals of the strategy and could provide a clear vision for the social inclusion and poverty reduction actions over 2014–20, using both domestic resources as well as EU funds.

The draft Implementation Plan will include the actions, directions, and measures recommended for implementation over 2015–17, needed (human and financial) resources, proposed indicators and corresponding results, responsible institutions, implementation deadlines, and monitoring and evaluating mechanisms.

---

**ROMANIA: ASSISTANCE TO THE MINISTRY OF TRANSPORT TO IMPROVE CAPACITY TO PREPARE AND MANAGE PPPs**

Signed: September 6, 2012  
Duration: 39 months  
Value: €0.82 million (US$1.1 million)  
Key Partners: Ministry of Transport

**Project objectives**: To assist the Ministry of Transport (MoT) in increasing the capacity of the relevant government agencies responsible for the management, preparation, and implementation of public-private partnership (PPP) projects in the transport sector, with a specific focus on the road sector. It includes the following components: (i) increase the MoT's capacity by assessing the general framework pertaining to the implementation of PPP projects; (ii) increase its capacity to evaluate and award PPP projects, and (iii) strengthen the knowledge of the MoT with respect to procedures and tools applicable to PPP/concession projects.

---

**ROMANIA: ASSISTANCE TO THE ROMANIAN MINISTRY OF NATIONAL EDUCATION TO DEVELOP ITS ADMINISTRATIVE CAPACITY**

Signed: October 25, 2012  
Duration: 35 months  
Value: lei 7 million (US$1.97 million)  
Key Partners: Romanian Ministry of Education and Scientific Research

**Project objectives**: To assist the Romanian Ministry of Education and Scientific Research (MoESR) in enhancing its administrative capacity and developing the management and leadership skills of its managers and executive staff. This is part of a broader project of the Ministry of National Education including: (i) reorganization of the ministry; (ii) improvement in organizational culture and management practices; (iii) development of a modernization strategy for the ministry; (iv) establishment of a system for monitoring, evaluating, and reporting on organizational performance; (v) design, development, and delivery of training programs; and (vi) project management.

The Bank is providing direct support for the implementation of activities related to (i) the reorganization of the ministry and (ii) the improvement in organizational culture and management practices. The Bank is also providing assistance to the MoESR to manage the activities implemented under contracts concluded separately.

---

**ROMANIA: ASSISTANCE TO THE MINISTRY OF NATIONAL EDUCATION FOR REDUCING EARLY SCHOOL LEAVING**

Signed: June 12, 2013  
Duration: 24 months  
Value: lei 6.61 million (US$2 million)  
Key Partners: Romanian Ministry of Education and Scientific Research, Intermediary Body for Operational Program Development of Human Resources (OIPOSDRU)

**Project objectives**: To support the preparation of a strategic framework to reduce early school leaving and the development and installation of a system to monitor early school leaving at all relevant levels of the education system of Romania. It includes the following components: (i) developing a Strategic Framework to Reduce Early School Leaving, which includes (a) a draft strategy to reduce early school leaving, and (b) mechanisms to monitor and evaluate projects and initiatives aimed at reducing early
school leaving; (ii) disseminating the Strategic Framework to Reduce Early School Leaving; and (iii) strengthening the capacity to monitor early school leaving–related programs and policies.

ROMANIA: ESTABLISHMENT OF A PERFORMANCE APPRAISAL SYSTEM FOR GOVERNMENT OFFICIALS MANAGING EUROPEAN UNION FUNDS

Signed: June 11, 2014  
Duration: 13 months  
Value: lei 2.20 million (US$0.65 million)

Key Partners: Ministry of European Funds (MoEF)

**Project objectives:** To assist the MoEF in its effort to develop a performance appraisal system for officials involved in managing EU funds. Activities include: (i) provide Inception Report; (ii) analyze the revised institutional structure of managing authorities with a focus on performance; (iii) conduct a job function analysis; (iv) develop indicators for performance appraisal for job functions; and (v) disseminate the proposed performance appraisal system.

ROMANIA: ASSISTANCE FOR PREPARING A STRATEGIC FRAMEWORK FOR INCREASING TERTIARY EDUCATION ATTAINMENT, QUALITY, AND EFFICIENCY

Signed: July 17, 2013  
Duration: 23 months  
Value: lei 6.43 million (US$1.92 million)

Key Partners: Romanian Ministry of Education and Scientific Research, Intermediary Body for Operational Program Development of Human Resources (OIPoSDRU)

**Project objectives:** To support the preparation of a Strategic Framework for Increasing Tertiary Education Attainment, Quality, and Efficiency. It includes the following components: (i) Development of a draft Strategic Framework for Increasing Tertiary Education Attainment, Quality, and Efficiency; (ii) Dissemination of the final draft Strategic Framework for Increasing Tertiary Education Attainment, Quality, and Efficiency; and (iii) Strengthening of the capacity to monitor tertiary education attainment levels, quality, and efficiency.

ROMANIA: PROVIDING SUPPORT TO THE ESTABLISHMENT OF A DELIVERY UNIT

Signed: January 31, 2014  
Duration: 21 months  
Value: €4.56 million (US$6.04 million)

Key Partners: Chancellery of the Prime Minister

**Project objectives:** To assist the Chancellery of the Prime Minister of the Government of Romania in establishing a delivery system and a Delivery Unit aimed at improving and strengthening the Government's capacity to implement selected policy priorities and deliver results. The following components are covered: (i) Providing support to the establishment of a Delivery Unit; (ii) Delivering assessments; (iii) Preparing the proposed Delivery Action Plans; (iv) Developing a communication and dissemination strategy; and (v) Supporting the operations of the Delivery Unit.

ROMANIA: DANUBE DELTA INTEGRATED SUSTAINABLE DEVELOPMENT STRATEGY

Signed: September 4, 2013  
Duration: 23 Months  
Value: lei 10.4 million (US$3.06 million)

Key Partners: Ministry of Regional Development and Public Administration, Tulcea County Council, Constanta County Council

**Project objectives:** To assist in the planned and environmentally sensitive development of the Danube Delta region, which is an ecologically rich but economically challenged region of the eastern part of Romania. The objective will be achieved through: (i) the elaboration of a comprehensive development strategy for the Danube Delta region, integrating key sectors; (ii) preparation of action plans to help implement such a strategy during the EU 2014–20 programming and financing period; and (iii) support for the development of a framework for implementing a new EU instrument, Integrated Territorial Investments (ITI), in Romania and identification, as feasible, of pilot ITI programs/regions.
The Danube Delta is one of the continent’s most valuable habitats for specific delta wildlife and biodiversity. Established as a UNESCO Biosphere Reserve and a Ramsar site in 1990, it is Europe’s second largest delta and the best preserved of all European deltas. The most significant physical and ecological feature of the Danube Delta is its vast expanse of wetlands, including freshwater marshes, lakes and ponds, and streams and channels. With an area of 3,446 square kilometers, it is the world’s largest wetland. Only 9 percent of the area is permanently above water. The Delta hosts extraordinary biodiversity and provides important environmental services. It is the home of over 1,200 varieties of plants and 300 species of birds, as well as 45 freshwater fish species in its numerous lakes and marshes. There are 16 strictly protected areas in the delta where no economic activities are allowed, and areas for ecological rehabilitation and buffer zones separating economic areas where tourist activities are permitted as long as the environment is protected.

**ROMANIA: REAL ESTATE - BASIS FOR NATIONAL AND EU POLICIES**

<table>
<thead>
<tr>
<th>Key Partners: National Agency of Cadastre and Land Registration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signed: April 03, 2013</td>
</tr>
<tr>
<td>Duration: 30 Months</td>
</tr>
<tr>
<td>Value: lei 11.69 million (US$3.42 million)</td>
</tr>
</tbody>
</table>

**Project objectives:** To strengthen the National Agency of Cadastre and Land Registration’s (ANCPI) capacity to improve its policy, regulatory, and institutional framework. This will be achieved through provision of technical assistance consisting of a multi-disciplinary review of the real estate system in Romania, thereby informing the development of a strategy for land registration and the revision of ANCPI’s legal and institutional framework. The expected outcome is a draft strategy, legislation, and plans for improving the coverage, efficiency, service delivery, and responsiveness of real estate registration in Romania. It includes the following components: (i) Draft National Strategy; (ii) Legal and Institutional Framework; and (iii) National Program for Cadastre and Land Book.

**ROMANIA: PROVIDING SUPPORT TO STRENGTHENING THE REGULATORY IMPACT ASSESSMENT FRAMEWORK**

<table>
<thead>
<tr>
<th>Key Partners: Chancellery of the Prime Minister</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signed: April 24, 2014</td>
</tr>
<tr>
<td>Duration: 18 months</td>
</tr>
<tr>
<td>Value: lei 6.19 million (US$1.88 million)</td>
</tr>
</tbody>
</table>

**Project objectives:** To assist the Chancellery of the Prime Minister in streamlining the institutional and legal system for a regulatory impact assessment (RIA) in Romania by creating technical capacity, streamlining the RIA system within Romania’s administration, and raising awareness at the political level regarding the relevance of RIA as evidence-based decision making. Components include: (i) Improvement of the RIA in Romania; (ii) Capacity building and raising awareness; and (iii) Pilot projects.

**ROMANIA: HARMONIZING STATE AND EU-FUNDED PROJECTS IN REGIONS**

<table>
<thead>
<tr>
<th>Key Partners: Ministry of Regional Development and Public Administration (MDRAP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signed: May 27, 2014</td>
</tr>
<tr>
<td>Duration: 18 months</td>
</tr>
<tr>
<td>Value: €2.5 million (US$3.38 million)</td>
</tr>
</tbody>
</table>

**Project objectives:** To provide horizontal support to the client for strategic coordination of infrastructure investment projects financed from EU funds and from state budget funds in the regions, counties, and municipalities. It focuses on: (i) assisting the coordination of strategies and plans for EU- and state-funded investment in infrastructure; (ii) providing Advisory Services related to the existing portfolio of investment projects in MDRAP; (iii) assisting in improving the use of efficient design and technologies in investments overseen by MDRAP; and (iv) assisting in a housing and infrastructure development strategy.

**ROMANIA: CLIMATE CHANGE AND LOW CARBON GREEN GROWTH PROGRAM**

<table>
<thead>
<tr>
<th>Key Partners: Ministry of Environment and Climate Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signed: July 23, 2013</td>
</tr>
<tr>
<td>Duration: 25 Months</td>
</tr>
<tr>
<td>Value: lei 20.94 million (US$6.15 million)</td>
</tr>
</tbody>
</table>
Project objectives: To support the Government to: (i) develop a comprehensive national climate change and low-carbon development strategy and action plan; (ii) integrate associated climate-related actions into the 2014–20 EU-funded Operational Programs; (iii) develop the institutional tools necessary to inform climate change policies and monitor their economic and environmental impacts; and (iv) identify future carbon trading opportunities. Achievement of these objectives will help Romania better position itself on its road toward a climate resilient and low-carbon green economy. It includes the following components: (i) Support to the Government of Romania to develop a comprehensive national climate change and low-carbon green growth strategy and action plan; (ii) Support for the preparation of climate change actions under the 2014–20 Operational Programs; (iii) Support to the Government of Romania to build strong and sustainable analytic capacity and a suitable knowledge base by developing data, tools, and models for the sectoral and macroeconomic analysis of climate change mitigation and adaptation as well as other low-carbon green growth issues; and (iv) Support to government institutions for implementing, monitoring, and evaluating climate change actions.

ROMANIA: SUPPORT TO STRENGTHENING PUBLIC INVESTMENT MANAGEMENT
Signed: September 16, 2014
Duration: 15 months
Value: lei 10.13 million (US$3.11 million)
Key Partners: Ministry of Public Finance (MoPF)

Project objectives: To assist the ministry in building capacity for strengthening public investment management in Romania in order to enhance the expertise of officials involved in the management of public investments financed by EU Structural and Cohesion Funds and by the state budget. Activities of the Advisory Services include: (i) strengthening the capacity of the Public Investment Evaluation Unit; (ii) conducting a review of the information available on public investment programs for internal decision making; (iii) strengthening the relevant unit in the MoPF to coordinate the preparation of well-developed new public investment projects prepared by line ministries; (iv) strengthening the preparation and prioritization of new public investment projects in the line ministries; and (v) strengthening the capacity of the MoPF to plan PPP projects.

ROMANIA: SUPPORT TO THE IMPLEMENTATION OF THE NATIONAL STRATEGY FOR DIGITAL AGENDA
Signed: April 2, 2015
Duration: 7 months
Value: lei 3.30 million (US$0.8 million)
Key Partners: Ministry of Information Society

Project objectives: To provide support: (i) for the operationalization of the National Plan on Next Generation Access and Network Infrastructure (NGA & NGN) strategy through the provision of recommendations for improving the legal and regulatory framework and through analysis of the socio-economic and communication market conditions for selecting areas for broadband and NGN investment interventions; and (ii) for the implementation of a monitoring and evaluation system for the National Strategy on Digital Agenda that would allow transparent and real time monitoring of the progress in implementation both by Government and by citizens.