



# **Country Partnership Strategy (2014-2018)**

**World Bank Group  
Romania Country Office**

October 2013,  
Bucharest

**1**

**Context and Background**




**2**

**Emerging Themes : Shared Prosperity  
and EU Funds Absorption**

**3**

**Suggested pillars and themes**

## What is the Country Partnership Strategy?

-  Country Partnership Strategy (CPS) guides World Bank activity in a country, based on the country's own development objectives.
-  CPS defines the key areas of World Bank support, based on the country's needs and the Bank's potential value-added to address these needs.
-  CPS attempts to define expected results of the partnership between the Bank and the Government over a four year period (2014-2017).

# World Bank strategy is in line with European and national strategic documents

## EU2020: **Smart, Sustainable and Inclusive Growth**

- ❖ Partnership Agreement for the next EU programmatic period (2014-2020)

## National Strategic Documents

- ❖ Governmental Program (2013-2015)
- ❖ National Reform Plan (2014-2016)
- ❖ Focus on strategies for ex- ante conditionalities
- ❖ National Plan for Strategic Investments and Jobs Creation

## NRP and Convergence program

- ❖ Competitiveness (Transport/ICT, business environment, R&D, energy efficiency)
- ❖ Public Administration
- ❖ Labour market/education/health/social inclusion



# World Bank Ongoing CPS (2009-2013)

 During 2009-2013, World Bank in Romania focused on three main pillars:

- ❖ **Public Sector Reform** (comprising of: public financial management, public administration reform, governance)
- ❖ **Growth and competitiveness** (comprising of: growth agenda, financial sector, business environment and competition, knowledge economy and digital agenda, research, development and innovation, education, agriculture and rural development, energy and environment, transport, hazards risk mitigation)
- ❖ **Spatial and Social Inclusion** (comprising of: Social Inclusion, Social Assistance, Social Insurance and Health sector)


 At Mid-Term, 3 new themes were added:


- ❖ **Policy reforms to reap the benefits of the EU membership and meet the objectives of the Europe 2020 strategy**
- ❖ **Modernization of public institutions to enhance resource allocation and absorption of EU funds**
- ❖ **Complement the EU funding**



## World Bank Operations in Romania ( 2009-2013)





 Romania's lending portfolio was US\$2.05 bn.

 During 2009-2013, six new operations were delivered: three DPLs, 1 DPL- DDO, Results Based Social Assistance System Modernization SIL and Modernization of Tax Administration SIL.

 26 new Reimbursable Advisory Services were signed, including Assistance to strengthen administrative capacity and increase rate of EU Funds absorption (covering: Agriculture, Public Finance, Transport, Education, Competition, Regional Development)

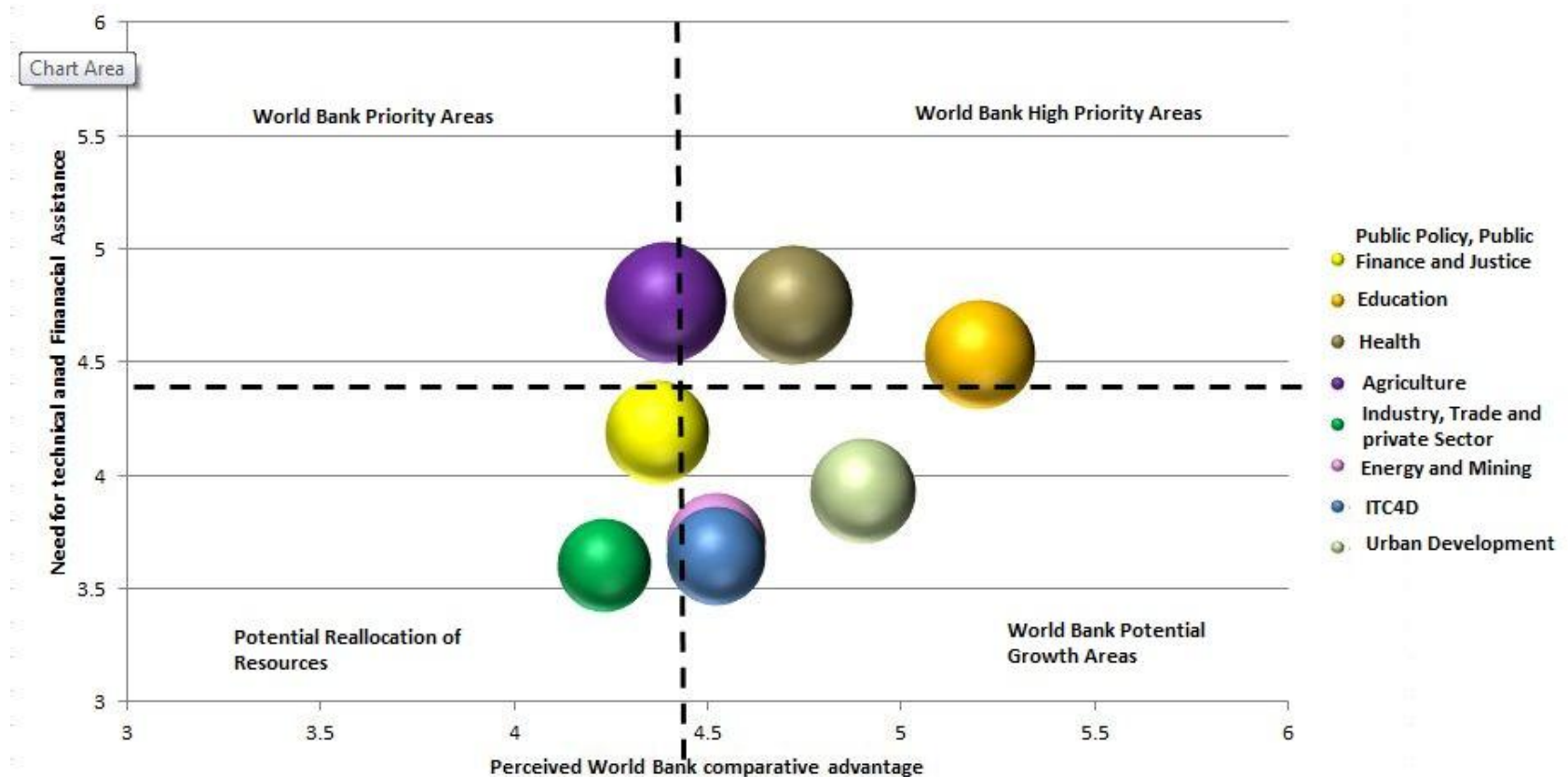


# We learned from our work in Romania during 2009-2013

-  Close coordination with EC and IMF is needed
  - ❖ **Cooperation between and joint supervision by the Government-EC-IMF-Bank generates the right framework for complex public sector reforms**
  
-  Alignment with EC priorities is key
  - ❖ **Alignment of Bank program with the priorities outlined by EC yields higher levels of Government ownership and warrants implementation**
  
-  World Bank needs to be more flexible to adapt to country needs
  - ❖ **Multi-tranches operations allows a high degree of flexibility and the pursue of coherent reforms**
  
-  CPS can also be an instrument for enhancing dialogue
  - ❖ **CPS can act as catalyzer for transparency and consultation through the design of reform programs**



# We value our client's perspective regarding our performance



Clients believe World Bank should continue supporting Romania in numerous sectors and that the Bank has tremendous capacity in social sectors

- This is the result of the Knowledge mapping project. The study will be complemented by the Country Survey, in October 2013.
- Transport, Environment and Financial Sector are not represented in the above graph



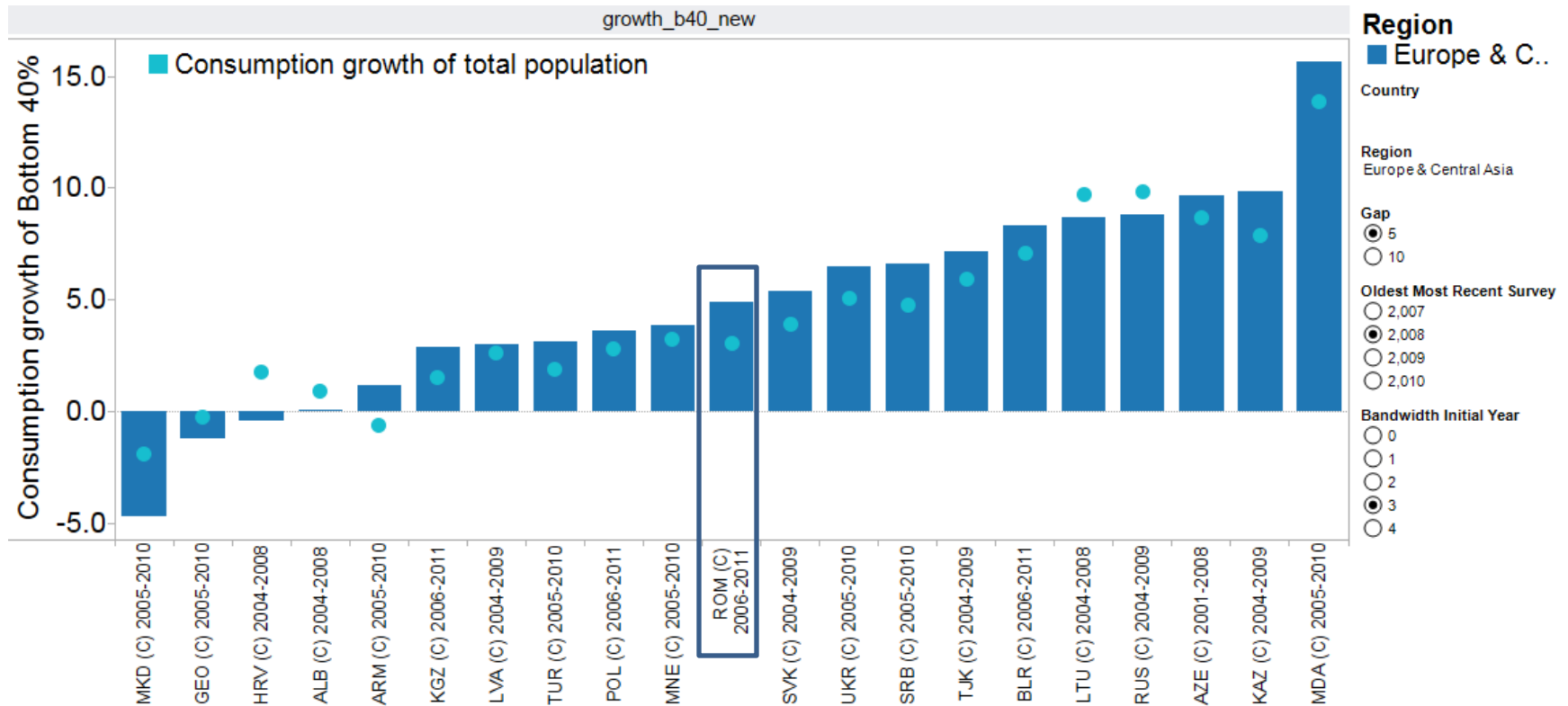
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# The World Bank strategy focuses on shared prosperity

## Growth was shared in Romania even after the crisis




Note: for discussion not dissemination. Source: data source POVCALNET (2013) downloaded in April 2013. Computation and visualization produced by PREMPR for discussions in the Operationalizing WBG Goals Working Group.



## Improving shared prosperity implies...

 Managing volatility and creating resilience

 Improving the quality of public sector interventions

- ❖ Sectoral (education, health, social protection, infrastructure)

- ❖ National and regional institutions

 Enhancing equality of opportunities

- ❖ Minorities

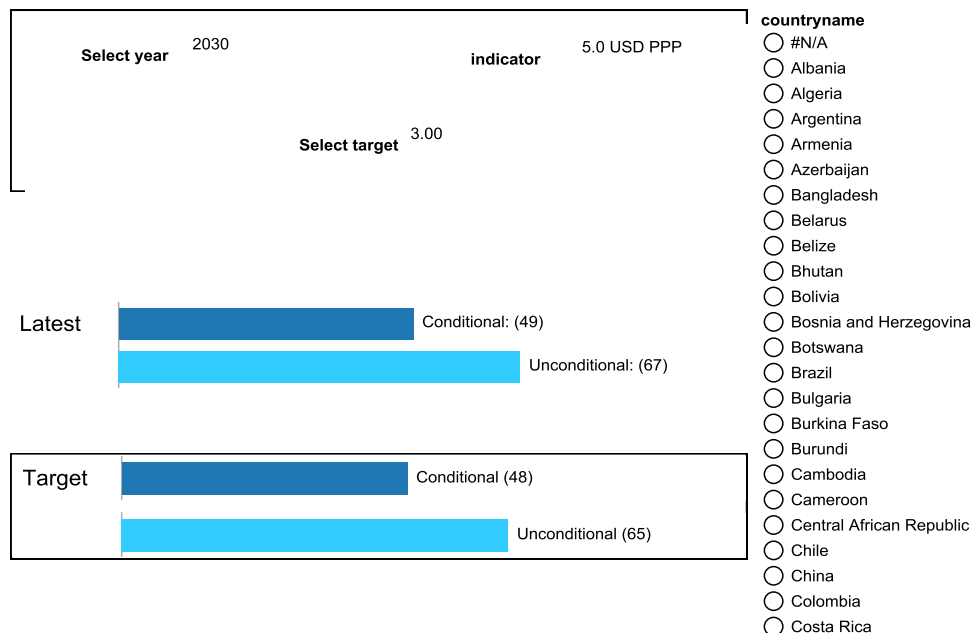
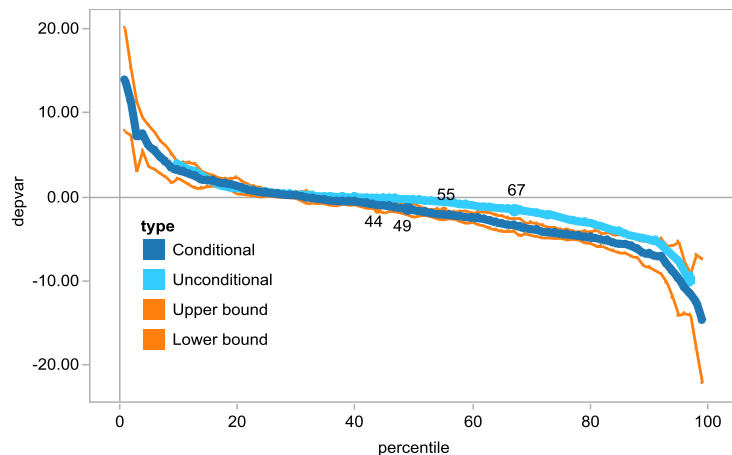
- ❖ Safety nets

- ❖ Access to basic services



# Romania can reach 3% poverty rate (at \$5.0/day) by 2030

## Romania : Benchmarking Latest vs Target Performance (5.0 USD PPP)



	Latest Value (%)	Latest Year	Target Value (%)	Target Year	Implicit Effort	Percentile
Conditional	31	2009	3.00	2030	-1.34810	48
Unconditional	31	2009	3.00	2030	-1.34810	65

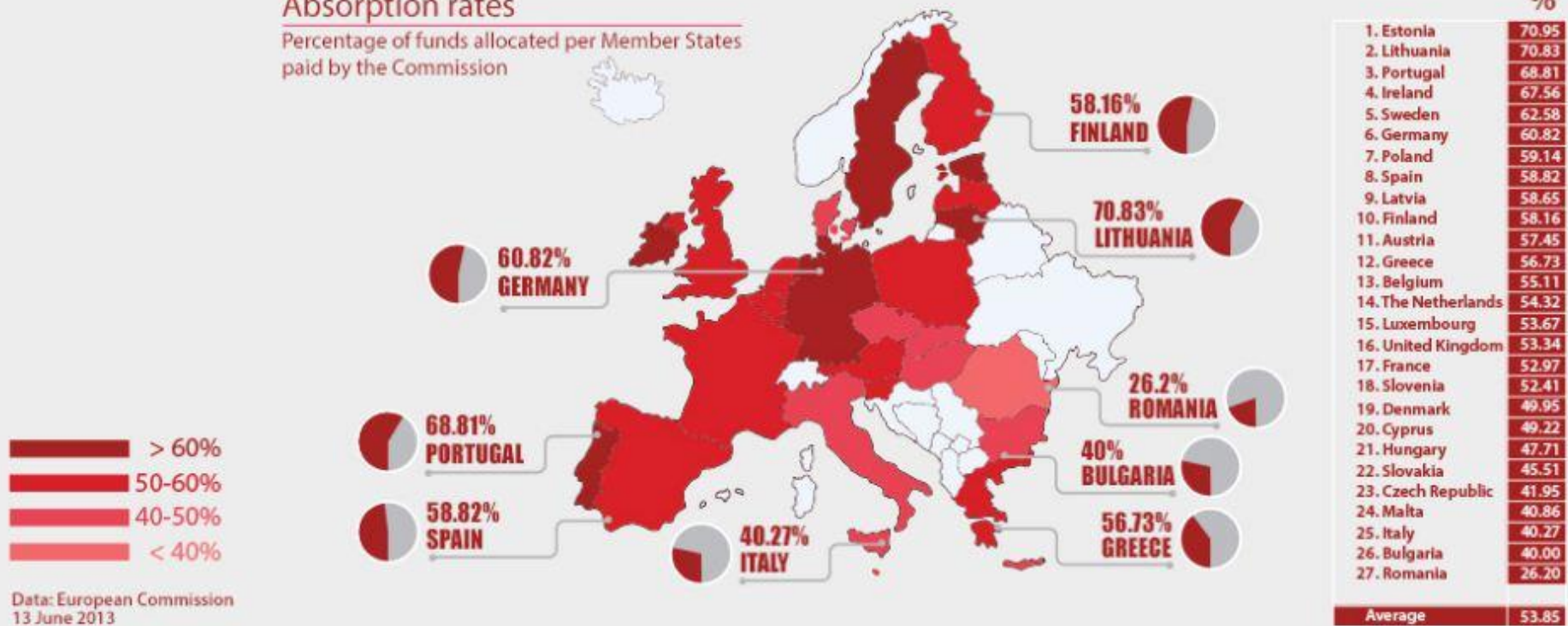
Note: for discussion not dissemination. conditional variables: SI.POV.\*\*\*\*; NY.GDP.PCAP.PP.KD; SP.POP.TOTL. Benchmarking methodology as described by Newman, John L., João Pedro Azevedo (2013) "Setting reasonable performance targets for public service delivery," Policy Research Working Paper Series 6385, The World Bank (<http://ideas.repec.org/p/wbk/wbrwps/6385.html>). Computation using Stata ADO benchmark by Minh Cong Nguyen and Joao Pedro Azevedo. Source: WDI (2013) downloaded using wbopendata on . Computation and visualization produced by the ECA Team for Statistical Development as an input for discussions in the **Operationalizing WBG Goals Working Group**.



# EU resources represent an untapped opportunity for Romania

## Absorption rates

Percentage of funds allocated per Member States paid by the Commission




Although there is a low absorption rate in the current financing program, the trend is growing rapidly



# In supporting the Romanian Government during 2014-2020, World Bank will consider the main themes agreed to between EU and Romanian Govt.

 Strengthening research, technological development and innovation, ICT

 Enhance competitiveness of SMEs, agricultural sector and fisheries and aquaculture sector

 Support the shift towards low carbon economy in all sectors, promote climate change adaptation, resources efficiency

 Promote sustainable transport and remove obstacles

 Promote employment and supporting labor mobility, social inclusion and combating poverty

 Invest in education and lifelong learning

 Enhance institutional capacity and an efficient public administration






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## Some early suggestions for the future CPS pillars...

-  **Creating a 21<sup>st</sup> Century Government**
  - ❖ Governance. Institutional Capacity. Public Sector Reform.
-  **Jobs and Growth**
  - ❖ Jobs Creation. Labor market. SOEs. Capital Market Development. Agriculture. Infrastructure
-  **Shared prosperity**
  - ❖ Access to Education and Health. Social Inclusion.

**\*Conclusions of the consultations to date**





## Important cross-cutting themes include...

 EU Funds absorption

 Shared prosperity

 Sustainable growth

**\*Conclusions of the consultations to date**



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