

MINISTRY OF EUROPEAN FUNDS

**ROMANIAN
PARTNERSHIP AGREEMENT
FOR THE
2014-2020 PROGRAMMING PERIOD**

First Draft

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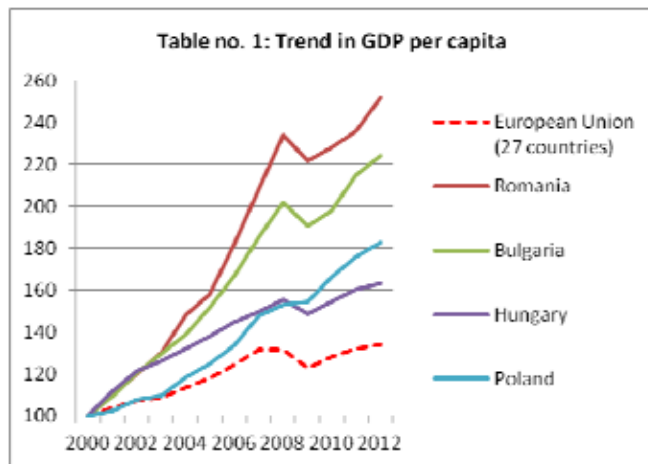
AC OP	Administrative Capacity Operational Programme
APIA	Agency for Payments and Intervention in Agriculture
CAP	Common Agricultural Policy
CF	Cohesion Fund
COMP OP	Competitiveness Operational Programme
CPR	Common Provision Regulations
CSF	Common Strategic Framework
DIPFI	Department of Infrastructure Projects and Foreign Investments
EARDF	European Agricultural and Regional Development Fund
EC	European Commission
EIF	European Investments Fund
ERDF	European Regional Development Fund
ESF	European Social Fund
ESIF	European Structural and Investment Funds
ETC	European Territorial Cooperation
EU 2020	Europa 2020 Strategy
EU 27	EU of the 27 Member States
FDI	Foreign Direct Investments
GDP	Gross Domestic Product
GVA	Gross Value Added
HC OP	Human Capital Operational Programme
IB	Intermediate Body
ICT	Information and Communication Technologies
IMF	International Monetary Fund
ITI	Integrated Territorial Interventions
LAN	Local Area Network
LI OP	Large Infrastructure Operational Programme
MA	Managing Authority
MARD	Ministry of Agricultural and Rural Development
MC	Monitoring Committee
ME	Ministry of Economy
MECC	Ministry of Environment and Climate Change
MEF	Ministry of European Funds
MH	Ministry of Health
MLFSPE	Ministry of Labour, Family, Social Protection and Elderly
MNE	Ministry of National Education
MRDPA	Ministry of Regional Development and Public Administration
MSI	Ministry for Informational Society
MT	Ministry of Transport
NAE	National Agency for Employment
NARMPP	National Authority for Regulating and Monitoring Public Procurement
NGO	Non-Governmental Organization
NIS	National Institute of Statistic
NRDP	National Rural Development Programme
NRP	National Reform Programme
OP	Operational Programme
OP FMA	Operational Programme for Fisheries and Maritime Affairs
PA	Partnership Agreement
PARDF	Payments Agency for Rural Development and Fisheries
PES	Public Employment Service
RDA	Regional Development Agencies

RDI	Research, Development and Innovation
RES	Renewable Energy Sources
ROP	Regional Operational Programme
SCF	Structural and Cohesion Funds
SEA	Strategic Environmental Assessment
SME	Small and Medium Enterprises
SMIS	Single Management Information System
TA OP	Technical Assistance Operational Programme
TEN-T	Trans-European Transport Network
TO	Thematic Objectives

1. ARRANGEMENTS TO ENSURE ALIGNMENT WITH THE UNION STRATEGY OF SMART, SUSTAINABLE AND INCLUSIVE GROWTH AS WELL AS THE FUND SPECIFIC MISSIONS PURSUANT TO THEIR TREATY-BASED OBJECTIVES, INCLUDING ECONOMIC, SOCIAL AND TERRITORIAL COHESION (ARTICLE 14(1) (A) CPR) OVERVIEW

Romania is the seventh largest country in the EU in terms of population (20.12 million¹) and the second largest from the group of New Member States, after Poland.

During the period 2001-2008, the Romanian economy expanded by an average of 5-6 percent per year, representing one of the fastest growth rates in the European Union.



During 2009-2012, the GDP of Romania had an oscillating trend. After a +7.2% average annual growth in 2006-2008, a sharp contraction of 6.6% was experienced in 2009, due to the economic downturn. Growth returned in 2011 (+2.5%) but slowed 2012 (+0.7%), due to the combined impacts of a severe summer drought affecting agricultural output and the Eurozone crisis. A modest economic recovery is forecast with 1.6% GDP growth in 2013 and 2.2% in 2014.²

Nevertheless, Romania is still lagging significantly behind the majority of European countries in terms of economic development. GDP per capita recorded in purchasing power standard (PPS) was just under half of the EU 27 average in 2012 and only around 70% of the average GDP per capita of the new EU Member States.

Macro-economic policy

The Stability, Coordination and Governance Treaty within the economic and monetary union was signed, on March 2, 2012, by the heads of states or governments in all EU Member States, except for the United Kingdom and the Czech Republic. The purpose of this treaty is to maintain stability in the Eurozone.

Romania negotiated with the EC and the IMF a precautionary economic adjustment programme in 2011. After the successful completion of the programme in June 2013, in July 2013 Romania requested a new precautionary financial assistance from EU and IMF. The joint mission from EC, IMF and WB during July 17-31, 2013 reached an agreement at staff level on the economic programme that could be supported by a 24-month Stand-By Arrangement with the IMF for an amount of 1751.34bn SDR (approx. 2bn EUR) and Balance of Payments (BoP) assistance from the EU in an amount of 2bn EUR. The main objectives of the programme are safeguarding sound public finances,

¹ According to final results of population and houses census – 2011, NIS

² National Commission for Prognosis, Spring Forecast 2013 http://www.cnp.ro/user/repository/proгноza_teritoriala_primavara_%202013.pdf

continuing monetary and financial sector policies that preserve buffers and increase resilience against external shocks, and reducing bottlenecks to growth through structural reforms. The programme was presented to the IMF Board in September 2013, and to EU EFC and ECOFIN in October 2013.

In line with the Europe 2020 Strategy and the Preventive Agreement with EU and IMF, the medium term economic strategy of the Romanian Government is oriented towards the promotion of growth and jobs, consolidation of the public finances and of the financial stability. In this respect, the Government of Romania adopted a 2014-2016 Fiscal-Budgetary Strategy aimed at meeting 7 objectives in terms of economic development, fiscal consolidation, budgetary discipline, efficiency of budgetary allocation, the national budgetary frameworks, transparency in the use of public funds and management of public debt.

Macroeconomic perspective

Based on the Convergence Programme of Romania 2013-2016, the growth trend is expected to move closer to its sustainable potential, in the region of an average by 2.5% growth in GDP annually. This scenario relies on an improvement in all sectors, in particular the performance of industrial sectors with high export potential, and the construction sector where planned infrastructure investment represents significant potential for growth. Domestic demand will be the driver of performance. **The current account deficit** will remain within a range between 5.4 – 6.9 billion Euros, representing 3.9% of GDP in 2013 and 4.1% in 2016, being fully covered, throughout this period, from autonomous non-interest bearing sources. **Inflation** will continue to decline in 2014-2016, reaching 2.3% in 2016, with an annual average of 2.5%. **Employment**, according to national accounts, will increase in 2014 – 2016 at an annual average rate of 1.2%, with the number of employees augmented by 0.9%. **Labour productivity** will improve due to a more rapid increase of GDP relative to the increase in employment. The **ILO unemployment rate** will reduce to 6.6%, with the employment rate among the population aged 20 to 64 simultaneously increasing to 65%.

Table no. 1 – Macroeconomic projections for Romania

	2012	2013	2014	2015	2016
<i>Percentage Changes %</i>					
Real GDP	0.7	1.6	2.2	2.4	3.0
Private consumption expenditures	1.1	1.5	2.0	1.7	1.8
Public consumption expenditures	1.7	1.6	1.4	1.3	1.4
Gross Fixed Capital Formation	4.9	5.0	6.0	6.7	7.3
Exports of goods and services	-3.0	1.2	3.4	5.1	6.3
Imports of goods and services	-0.9	3.0	5.1	5.9	6.4

Source: Convergence Programme of Romania 2013-2016

Challenges for national growth

Romania continues to face tremendous development challenges. The following challenges for national growth have been identified, needing strategic investments to remove obstacles to development and to unlock the country's economic potential:

The competitiveness challenge

The overall level of economic activity in Romania remains very low. Examination of sectorial scale, structure and performance makes clear the *challenge for competitiveness* in Romania:

- the present dependence for employment upon very low value adding agriculture;
- the character of enterprise culture as reflected by the relatively low business density in all regions except Bucharest-Ilfov and its skewedness towards low value-adding activity;
- internationally uncompetitive levels of productivity in many areas of industry;

- the present under-representation of higher value adding services within the economy;
- fragmentation, excessive standardization, inefficient use of resources in Romanian R&D and academic environments and the absence of strategy for developing research-intensive institutions.

The people and society challenge

Romania is subject to great disparities in wealth, opportunity, education, skills, health and in many areas these have intensified in the past decade. There is a profound territorial character to disparities, with pronounced variations between regions and between urban and rural areas.

Romania has a very low density of employment. Large areas of the country lack a functioning labour market and consequently large numbers of young people are not in employment, in education or training.

There are great challenges in restoring the performance of the education system and, in the context of a depressed demand for labour in making education attractive and seen to pay. Apart from creating a modern and well-equipped educational infrastructure, there are challenges to overcome in extending access to early education, combating early school leaving, increasing the relevance of education and training to the needs of the labour market and opening access to tertiary education and to lifelong learning.

The infrastructure challenge

Romania is hampered in pursuing growth by underdeveloped and outdated infrastructure. Although Romania sits on important routes connecting Central Europe with the Black Sea and the Caucasus, its *transport infrastructure* is underdeveloped relative to the volume of goods and passengers that transit Romanian territory, and accessibility remains a major barrier to regional growth. Connectivity via all transport modes is suboptimal due to the backlog of investments, as well as administrative deficiencies in the maintenance and operation of the infrastructure. As regards *ICT infrastructure*, basic broadband should be universally available by 2015 as a result of existing initiatives, although take-up remains low. However, Romania faces particular challenges in extending New Generation Access in rural areas where, in the absence of public intervention, it is estimated that by 2020 less than 50% of households will be covered with speeds over 30Mbps.

The resources challenge

Romania is well endowed with *energy resources*, a significant proportion of which is from renewable sources and has potential for further extension. It has a much lower reliance on imported energy (21.7% in 2010) than in the EU27 (52.7%). While the efficiency of Romania's electricity generation, transmission and distribution systems is close to the EU average, efficiency in energy use is poor, notably as a result of badly insulated residential and public buildings combined with inefficiency in the district heating transmission and distribution systems.

Romania is confronted with a range of natural and man-made environmental risks which pose a threat to Romania's citizens, its infrastructure and its natural resources. Risks arising from or exacerbated by climate change have had a major impact over the past decade; recurrent floods, forest fires and drought, have caused extensive loss and damage across the country. In some situations, the national response capacity was exceeded by their severity.

The extension and modernization of the *water and wastewater infrastructure* continue to be one of the most important priorities in improving Romanian living standards. Waste management is still far short of European standards with low levels of re-use, recycling and energy recovery. Romania has as transition period until 2017 to phase out non-compliant landfills.

Romania is well endowed with natural assets, but environmental quality and biodiversity remain under pressure from both natural process and economic activity. There is a pressing need to enhance environmental protection and to shift to more sustainable practices in agriculture, construction, extractive industries and in business generally.

The administration and government challenge

Romania is still characterized by weak administrative capacity of public institutions and a predisposition towards bureaucracy and disproportionate regulation that seriously influence the competitiveness of Romania's business environment. Despite efforts to implement a robust policy process in Romania, reforms are urgently needed to improve the quality of public administration. Romania has taken numerous steps to create a strong, independent and well respected justice system. While progress has been made in many areas, it still remains a need for further capacity-building, reform and modernization.

The absence of an effective system of cadaster represents a significant obstacle to the development and implementation of infrastructure, property development and consolidation of agricultural land.

Global objective and strategic contribution of the European Structural and Investment Funds

Taking into account the macroeconomic situation and policies, together with the highlighted bottlenecks to national growth, the Government of Romania has established the funding priorities for the use of European Structural and Investment Funds in the 2014-2020 Partnership Agreement with the global objective *to reduce the economic and social development disparities between Romania and the EU Member States*.

The large inflow of funds from the EU over the next years will determine an impact at macroeconomic level. The prospective effects that may be generated by ESI Funds through investments in infrastructure, human capital or direct aid to private sector could be estimated with application of economic modelling.

By using the R-GREM model, Romania will have the potential to examine the responsiveness of the economy to the financial injection during the period 2012-2020, the impact on GDP trends being emphasised. The model will also project the influence of other key macroeconomic parameters, including employment in tradable (manufacturing) and non-tradable (services) sectors and gross capital formation (investments).

The analysis will be carried out in terms of the comparison of a "without EU funds" baseline scenario relative to "with EU funds" scenario. The distinction is that "with EU funds" scenario will be based on the funds scheduled in the Partnership Agreement 2014-2020, undertaking sensitivity analysis based on different rates of absorption.

In order to achieve the economic growth aspirations reflected in the global objective of this Partnership Agreement, Romania will have a modern and competitive economy by tackling the following five development challenges:

- I. The competitiveness challenge**
- II. The people and society challenge**
- III. The infrastructure challenge**
- IV. The resources challenge**
- V. The administration and government challenge**

Action under the five development challenges will contribute towards Romania's Europe 2020 targets as follows:

National EU 2020 targets	Current situation	Development challenges				
		I	II	III	IV	V
70 % of the population aged 20-64 to be employed	63.8 % (2012)	*	*			*
2 % of GDP to be invested in R&D	0.48 % (2011)	*	*	*		*
Reduction of greenhouse gas emissions with 19% (compared to 1990 level)	51.84 % (2011)	*		*	*	*

24 % of total energy consumption from renewable sources	20.79 % (2012)	*		*	*	*
Reduction of 10 Mtoe (19%) in the primary energy consumption	16.6 % (2012)	*		*	*	*
Less than 11.3% of children should leave school at an early age	17.4 % (2012)		*	*		*
At least 26.7% of 30-34-year-olds should complete third level education	21.8 % (2012)		*			*
580,000 less people should be at risk of poverty or exclusion (compared to 2008 levels)	240,000 (2011)		*			*

The above five challenges are found also in the Council's Country Specific Recommendations, as follows:

Country Specific Recommendations	Development challenges				
	I	II	III	IV	V
Implementation of the precautionary programme	*	*	*	*	*
Sustainable public finances and taxation system	*	*	*	*	*
Health sector reform	*	*			*
Improved labour market, youth unemployment and poverty	*	*	*		*
Education reform	*	*			*
Better public administration					*
Better business environment	*				*
Efficiency in energy and transport	*		*	*	

1.1 ANALYSIS OF DISPARITIES, DEVELOPMENT NEEDS, AND GROWTH POTENTIALS

1.1.1 Analysis of disparities and identification of the main development needs

THE COMPETITIVENESS CHALLENGE

General

Competitiveness is commonly defined as the capacity of a business, operating in the context of open markets, to retain its market share. There are many facets of competitiveness of an individual business, including:

- the entrepreneurial quality and capacity of its managers.
- the distinctiveness and the quality of its goods and services.
- its level of innovation.
- its physical and virtual connections with its markets.
- the efficiency of its production process.
- its access to the factors of production - land, labour and capital.

The concept of competitiveness can similarly be applied at the level of countries and regions, in which context many of the same facets of competitiveness are manifested in a more aggregated form:

- the extent of enterprise culture
- areas of comparative advantage
- resource endowment
- research and innovation systems
- transport and communications infrastructure and services
- availability of sites and premises
- skills availability

- functioning financial markets

The DG ENTR Competitiveness Scoreboard provides a summary appreciation of Romania's relative position. In all but a few measures, Romania is in a weaker position than the EU average, and in a third of measures by a substantial margin, with low productivity, low business R&D and small number of high-growth enterprises prominent.

Romania Competitiveness Scoreboard - Distance from EU Average (standard deviations)							
	-3	-2	-1	0	+1	+2	+3
Innovative Industrial Policy							
Labour productivity per hour worked (2010), ,		x					
Labour productivity per person employed (2011)		x					
Labour productivity per person in manufacturing (2009)			x				
% of employees in manufacturing with high educational attainment (2011)			x				
Tertiary graduates in science and technology (2010)					x		
R&D performed by businesses (2010)		x					
Share of high-tech exports in total exports (2011)			x				
Sustainable Industry							
Energy intensity in industry and the energy sector (2010)	x						
Environmental protection expenditure in Europe (2009)						x	
Exports of environmental goods (2011)			x				
Business Environment / Entrepreneurship							
Time required to start a business (2010/11)				x			
Business environment score (2010/11)			x				
Enterprise survival rate after two years (2009)					x		
Business churn (2008)				x			
Share of high-growth enterprises (2009)		x					
Early stage financing (2011)		x					
Access to bank lending for SMEs (2011)				x			
Duration of payments by public authorities (2011)							
Service Sectors							
Electricity prices for medium size enterprises (2011)					x		
Infrastructure expenditures (2010)			x				
Satisfaction with quality of infrastructure - rail, road, port and airport - (2011-12)	x						
% of broadband lines with speed above 10 MBps (2011)						x	
Public Administration							
Legal and regulatory framework (2011)			x				
Burden of government regulation (2011-12)			x				
E-government usage by enterprises (2010)	x						
Data are presented so that positive (negative) figures are always better (weaker) than the EU average							

Challenging market conditions

The Romanian economy expanded quite rapidly between 2003 and 2008. Following a sharp downturn in 2009 and 2011, growth returned in 2011, but at a lower rate. However, the overall level of economic activity in Romania remains very low.

A major constraint on growth is the low level of disposable income which derives from the employment structure. Of the 8.365m jobs in Romania only just over 4m jobs are salaried. The very high level of self-employment (2.1m, 25% of all jobs) is more associated with subsistence agriculture and a lack of alternatives rather than entrepreneurship. A further 1.4m (20% of all jobs) are

unremunerated family labour, a category that barely exists in the more developed economies of the EU.

There is a profound **territorial** character to economic activity in Romania. Growth over the past decade has been heavily skewed in favour of Bucharest-Ilfov which has become a mainstream functioning market economy with a mix of manufacturing and service employment and a GDP per capita which exceeds the EU average. However, in the other seven regions of development growth and diversity of economic activity is much lower and the prospects for business growth are much more challenging:

- low levels of disposable income arising from the small number of salaried jobs inhibit the development of internal markets; subsistence agriculture, barter and black labour substitute for formal economy.
- consumer credit is underdeveloped consequently.
- the highly dispersed pattern of settlement results in local markets that are thin.
- SMEs are disadvantaged in their access to public sector markets, which represent a significant proportion of aggregate demand in the developing regions.

Against this background the majority of SMEs are small, locally focused and have limited growth orientation. Markets and distribution are underdeveloped.

Low business density

Romania has the second lowest density of businesses in the EU27³. In 2011, the population of companies stood at 452,010, with an overall density per 10,000 population of 204. SMEs contribute 53% of GVA, five percentage points below the EU average.

In terms of **territoriality**, across Romania's development regions there are significant variations in business density⁴. Bucharest-Ilfov is a significant outlier with almost 2.5 the average density of businesses. Four regions, North West, Central, South East and West are clustered around the average business density (within around 12%). However, three regions, North East, South Muntenia and South West Oltenia have significantly lower rate than average business density (62%-70% of the average).

Economic operators encounter difficulties in growing, with low turnover and overwhelming dominance of microenterprises (90%), hampered by several obstacles: shortage of medium and highly skilled labour force, access to finance, excessive bureaucratisation with weak governance regarding the business environment, market with fragmented and inconsistent institutional set up and weak entrepreneurship, in particular in rural and fisheries areas.

A small number of strong sectors

The draft of the National Competitiveness Strategy identifies competitive industrial and value-adding service sectors which have demonstrated recent growth and good export performance:

- automotive is high value adding, comprises some 500 large and medium companies, including manufacturing and assembly by Ford and Renault; involvement in their supply chains has improved the productivity and competitiveness of Romanian companies; highly export oriented.
- food and drink is medium-high value-adding and medium technology; the sector includes some large companies, but has a long tail of some 7,000 SMEs, including organic farming, its focus is primarily the Romanian internal market; export orientation is modest.
- textiles and leather is lower value-adding and low-medium technology but may represent scope to increase productivity and added-value through innovation; the sector comprises some 4,000 SMEs and has a high export orientation.

³ Source: Eurostat Statistics in Focus 31/2008.

⁴ Highlighted in Commission Services Position Paper (October 2012) p7.

- information and communications technology is internationally competitive, but mainly internal market focused.
- financial services is mainly internal market focused.

However, aggregate direct employment in these sectors is in the region of 700,000, less than 10% of the total. Although these sectors are expected to grow, their leverage on the overall economic situation is limited.

Some of these sectors are considered creative industries according to Europe 2020 Strategy and it is recognized their contribution to strategic objectives (convergence, competitiveness, employment, territorial cooperation and inclusion of the most vulnerable social categories), although the specific impact is difficult to determine.

Overdependence upon low value-adding activities

Less competitive industrial sectors account for some 1.2m jobs, or close to 70% of all jobs in industry. This diverse sector comprises extractive and primary processing sub-sectors, as well as utilities and manufacturing but is weighted towards less advanced forms of manufacturing.

Retail services - Commerce, motor trade, transport, hotels and restaurants - account for almost half of the total business units and just over a fifth of all jobs, close to the EU27 average. The contribution to GDP is just 13% and labour productivity is below average. Within this Tourism directly supports about 193,000 jobs (2.3% of total employment) while its contribution maintaining employment in related sectors is estimated to be more than twice as high.

Agriculture, forestry, fisheries and aquaculture account for almost 30% of employment, vastly in excess of the average for the EU. The contribution to GDP is relatively small at just under 7%. Labour productivity in agriculture is less than a quarter of the average for all sectors.

The Construction sector is larger than in most EU countries. The share of business units and GDP is fairly even at just under 9%.

Higher value adding services - Information and communications, Financial and insurance, Real estate, Professional and administrative services are underrepresented relative to EU average, accounting for just over 8% of jobs but generate almost a quarter of Romania's GDP.

The Public sector is relatively small in Romania, reflecting the present capacity of the economy to generate tax revenues and to support public services.

In the period 2008-11 overall employment reduced by 4.4% the extractive and energy sectors experienced a sharp contractions in employment as did the construction sector. Most retailing and related sectors saw only a small reduction in employment, perhaps due to the prevalence of self-employment and family businesses. Real estate was badly affected and continuing reform saw the loss of large numbers of jobs in the public sector. Tourism is reported to have demonstrated resilience and having contracted since 2008 to have grown sharply in 2012⁵.

Sectors experiencing employment growth in 2008-11 were mainly in the higher value adding services group, Logistics, ICTs, financial services and business services, all saw increases. Professional and scientific services experienced a below-average reduction. This pattern suggests that Romania's transition to a modern service-based economy continued through the recession.

Romania's agricultural land and waters remain a vastly under-exploited resource. There is clear scope for much greater development and its integration with the European food system, resulting in growth in farming and aquaculture, related food processing and supply chains. However, the potential for agricultural transformation to contribute to the development of Romania's regions needs to be seen in context. At average European levels of productivity, agriculture will support far fewer jobs than it does at present and its transformation will provide part of the solution to Romania's regional development needs. Income diversification outside farming has so far remained very low in Romania. In 2010, fewer than 1% of holdings derived more than 10% of their turnover

⁵ Source: WTTC.

from diversified activities. There is a pressing need for diversification and growth at local level to absorb the presently underemployed labour resource in agriculture.

Land and agriculture still represents an important safety valve in Romanian economy and society. This is manifest in the migration into unremunerated family work during the recession. Subsistence agriculture may be inefficient, but it supports a large population that otherwise would be destitute. Although making a modest contribution to Romania's GDP, fisheries and aquaculture, with fish processing and trade in fish and fish products are present in all regions. In isolated areas, notably the Danube Delta, the Danube Plain and the Danube Gorge, fishing activity is an important source of employment and income for the local population. Aquaculture has a wider value for Romania through food resources produced and its role in creating and maintaining wetlands and biodiversity of many fish and bird species.

Fish production in Romania fell by a third between 2009 and 2011. However, the increasing trend on long term in domestic consumption of fish and fish products, together with the present low share of Romanian produce suggests that there is scope to grow the sector. Fish stocks in the Black Sea - the low competitiveness of the Romanian Black Sea fisheries is caused by low diversity and quantity of high value fish, inefficient and low number of vessels, inappropriate fishing infrastructure and restrictions related to the fleet threshold. In addition, the INN fishing contributes to creation of an unfair competition. Inland fisheries competitiveness is hindered by poorly equipped vessels and lack of appropriate infrastructure. Romania has a large surface of aquaculture ponds, but its main problems related to competitiveness are low production and low income, caused mainly by inefficiency, lack of funding, unexploited ponds, environment problems, high costs, direct selling, unreported aquaculture productions. Marine aquaculture doesn't benefit from favourable geographic and weather conditions, only 4 areas for developing shell farming have been identified.

Sources of new business activity

New businesses, Foreign Direct Investment and export markets represent sources of new business activity for the Romanian economy.

New businesses. Both the set-up and closure of businesses play an important role in improving the competitiveness of the business base. The creation of new businesses is particularly important. In recent business cycles in the EU, new SMEs have accounted for a significant proportion of overall employment growth. In Romania, the formation of new companies had been proceeding well up to 2008 but stalled during the recession and has yet to fully recover. Romanian businesses proved to be less resilient during the recession than the EU 27 average.

Both churn and survival rates in Romania are close to the EU average⁶. In the period since 1995, the one year survival rate has remained between 60% and 70% with the exception of 2008, when it fell to 51%⁷.

Recent years have seen a slight increase in the proportions of new businesses established in industry (16.8%, 2011) and Construction (11.7%, 2011) but trade continues to be dominant with close to 50%⁸.

Foreign direct investment. Given the underdevelopment of domestic enterprise culture, foreign direct investment continues to play an important role in the development of Romania's economy, both in industry and higher value adding services. It represents an opportunity to integrate Romanian companies into international supply chains and to support improvements to their quality and productivity. FDI enterprises have a positive impact on foreign trade of Romania, contributing to total exports - 71.4% in 2011. In manufacturing, 17 of the 23 industrial sectors are dominated by multinationals⁹.

⁶ Source: DG ENTR Competitiveness Scoreboard.

⁷ Source: *New Companies and the Profile of Entrepreneurs in Romania (2013)*.

⁸ Source: *New Companies and the Profile of Entrepreneurs in Romania (2013)*.

⁹ Source: *Central Bank of Romania, Annual Report on Foreign Direct Investment*.

In the period to 2011, Romania received €55.1bn in foreign direct investment¹⁰. The distribution by sector is significantly aligned with Romania's strong sectors. Manufacturing industry has accounted for 31.5% of the total, within which Chemicals and plastics, automotives and transport equipment, Metal processing and Food and drink have been prominent. Other large sectors include financial services (11.5%), construction/real estate (10.7%) and utilities (7.9%). ICTs account for just over 5%, underlining the contribution of domestic companies to the sector's growth.

The strongest FDI inflows were between 2004 and 2008 when privatisation was a strong contributory factor. Flows have reduced markedly during the recession¹¹. Nevertheless, in 2012, Romania was rated in the top quartile of European countries in terms of their attractiveness for investment in the next three years¹².

In terms of **territoriality** Romania's less developed regions have received only 38.3% of the total FDI to date.

During 2003-2011, 3 regions, South-Muntenia, West and Bucharest-Ilfov, registered an increase in the volume of FDI, while 4 regions, North-East, North-West, South-East and Center, registered, in 2009, a significant decrease. The decline continued in 2 regions, South-West and South-East between 2009 and 2011. Of the 8 regions, North-East is the least attractive region for foreign investors, while South-West has potential to attract a bigger volume of foreign investments¹³.

Analysis of the composition of FDI suggests that Romania's has been attractive for manufacturing industries with low embedded technology and high energy intensity. Part of this pattern reflects the characteristics of businesses that were acquired by foreign interests as part of Romania's privatisation process. However, it also reflects the relocation of low value-adding activities from countries with a competitive economy, to take advantage of Romania's available workforce and lower costs. For a small proportion, particularly Asian investments, the motivation is to penetrate new markets.

The opportunity for greenfield investment has been an attraction for some investors and such investments have had a significant impact on competitiveness, building new facilities, bringing know-how and new technologies and creating new jobs. In terms of territoriality, most FDI in greenfield has been in Bucharest-Ilfov (60.5%), followed by Central Region (11.0%), West Region (9.3 %) and South-Muntenia (6.3%).

The different level of attractiveness of Romania's regions to FDI reflects their relative proximity to European markets, weak transport and poor basic infrastructure compounded by an obstructive business environment and a lack of entrepreneurship in the private sector.

Exports. Although subject to a downturn in 2009, Romanian exports increased by more than 50% between 2007 and 2011 when they stood at €45bn. Automotives have contributed most to the overall increase, but food and drink, textiles/leather and chemicals have also seen significant growth. The National Export Strategy 2011-2015, also highlights potential in sectors including industrial equipment, marine fabrication, furniture, electrical products, pharmaceuticals, telecommunications equipment, software and IT services. The evolution of exports in the period 2007-11 demonstrates that Romania has sectors that can compete internationally.

Moreover, given the significance of foreign owned businesses in export sales, it demonstrates that global businesses can invest in Romania and be successful.

An insufficiently supportive business environment

According to the World Economic Forum, the most problematic factors for doing business in Romania are corruption, tax rates, government bureaucracy and inefficiency, access to finance, tax

¹⁰ Source: National Bank of Romania.

¹¹ Highlighted in Commission Services Position Paper (October 2012) p.4.

¹² Source: Ernst and Young, 2012, European Attractiveness Report.

¹³ Source: Ministry of Regional Development and Public Administration 2013, draft National Strategy for Regional Development.

regulations, inadequate infrastructure, inflation, policy instability and an inadequately educated workforce¹⁴.

Bureaucracy. Despite progress the Romanian business environment is still confronted by excessive bureaucracy, notably in relation to fiscal management and the complexity and duration of procedures¹⁵. Regulation lacks proportionality. Administrative, accounting and reporting requirements are common to large and to micro businesses. This contributes to maintaining a high rate of activity outside the formal economy.

Unnecessarily restrictive criteria, high costs of participation and the inability to contract on bases other than price deter or exclude many SMEs from public sector markets and denies Romania a major source of micro and SME growth that is mainstream in the EU.

In order to address these issues, the National Competitiveness Strategy proposes “a better regulatory framework for the business environment” in line with the European Council Recommendations concerning promotion of administrative transparency and legal certainty. Additionally, the existing regulatory framework for SMEs (the Law No 346/2004) has been amended and completed according in line with Small Business Act principles under the National Reform Programme 2011 – 2013¹⁶. The development of e-government services is seen to have considerable potential in reducing the administrative burden.

Access to finance. Access to business finance remains problematic¹⁷ and recent surveys contain mixed messages on whether the situation is improving. On one hand in 2011, 15% of Romanian SMEs reported access to finance as their most pressing problem - in line with EU average - reduced from 27% in 2009¹⁸. On the other, against an improving trend across the EU27, Romanian SMEs reported a deteriorating position in the previous 6 months in relation to availability of finance from banks (13%) public support (47%) trade credit (25%) equity (40%).

Research carried out by EIF¹⁹ published in 2009 highlighted difficulties in accessing finance faced by SMEs, and new starts in particular. Bank finance was identified as the main source of external financing. Relatively few propositions are of a scale where private equity becomes economic; limited personal asset values constrain access to bank-based loan finance on commercial terms.

The JEREMIE Fund (€100m) is the largest financial instrument implemented in 2007-2013. Although approved in 2008, it was not until 2011 that the first financial intermediaries were contracted for the “Portfolio Guarantee” product (€68m) which had in June 2013 an estimated portfolio around of €160m. The €17.5m Catalyst Fund providing risk capital made its first investment in June 2013. However, microfinance initiatives have so far been more successful than other financial instruments. Experience has also highlighted the negative impact of the reimbursement model on investment, and which resulted in approved investment projects not proceeding.

In terms of **territoriality**, financial services are in general less accessible to rural businesses and to the agricultural sector. In spite of financial mechanisms established under the National Rural Development Programme 2007-2013 (e.g. guarantee schemes delivered by Guarantee Fund Rural Credit SA directly and in partnership with commercial banks) some prospective beneficiaries of European funds who had signed financing contracts, failed to obtain access to investment loans.

Access to support. Among the lessons from 2007-13, it has become apparent that provision of information and other support for business has been fragmented and the complexity of processes has also been a disincentive to take-up, resulting in reduced effectiveness. In order to address these

¹⁴ Source: *The Global Competitiveness Report 2012-2013*, World Economic Forum, pg. 302

¹⁵ Highlighted in *Commission Services Position Paper* (October 2012) p5; *National Reform Programme 2011-13 Progress Report* (March 2013) p9; *European Council Recommendations on Romania's National Reform Programme* (June 2013) p8, p11.

¹⁶ *National Reform Programme 2011-13 Progress Report*

¹⁷ Highlighted in *Commission Services Position Paper* (October 2012) p7; *National Reform Programme 2011-13 Progress Report* (March 2013) p9, p10; *European Council Recommendations on Romania's National Reform Programme* (June 2013) p8, p11.

¹⁸ Ipsos MORI, 2011, *SME Access to Finance Survey*. The methodology of the study implied (CATI) interviews, questionnaires.

¹⁹ EIF, 2009, *Executive Summaries of Evaluation Studies on SME Access to Finance*.

issues, a one-stop-shop for business support with access via a web portal will be developed and funding rules will be simplified where possible.

Limited capacity to absorb support. Romania's business base is skewed towards small-scale enterprises, low value-adding activities and sectors where public investment would be largely displacing (e.g. retailing or close to retailing). Accordingly, the target market for business support, - businesses in medium-high value adding productive and service sectors with both an orientation and capacity for growth - represents a small proportion of the overall business base.

Constrained availability of skills. Businesses in Romania seeking to grow face considerable competition for skilled personnel. Skills gaps exist in all regions and are not confined to sectors that have experienced recent growth in employment²⁰. Analysis by occupational group reveals the highest vacancy rates for skilled workers and related workers (3%), plant and machine operators and assemblers of machinery and equipment (2.5%) and skilled workers in agriculture and fishing (1.8%). Recruitment difficulties were highlighted particularly in occupations requiring TVET qualifications.

The supply of skills is partly conditioned by the traditional requirements of Romanian industry with its focus in labour intensive and low value adding activities. In manufacturing the share of highly qualified labour is about half of the EU 27 average. Nevertheless, the gradual increase in the share of highly-skilled in labour force since 2006 is indicative of the shift to a more knowledge based economy and an increase in medium and highly-qualified jobs at the expense of low-skilled.

Availability of high level skills has been adversely affected by the large scale emigration of skilled workforce in the past decade, a phenomenon that has also been reflected in the ageing of the workforce. Moreover, skills availability is also affected by the proportion of enterprises providing vocational training to their employees which is below the EU average (40% vs. 58%). Romanian micro firms are even less inclined than their peers in other EU countries to ensure that their employees participate in lifelong learning activities.

ICTs and competitiveness

In addition to the potential of ICTs as a growth sector, ICTs play an important role in improving business efficiency and extending market reach.

Considerable caution is needed in interpreting Romania's position on the Digital Scoreboard as regards business use of ICTs as it is potentially misleading due to the distinctive structure of the business base with the large scale of self-employment and very small agricultural holdings. Although only 36% of Romanian businesses have a website compared with 71% on a European level, this represents substantial take-up among businesses that would benefit from having a website.

As regards e-commerce, however, there is a clear deficit²¹ both on the supply side (only 5% of SMEs with 10 - 250 employees selling online, compared with 13% at an EU level) and on the demand side (5% all individuals and 11% internet users buying online compared with 45% and 59% for the EU27 in 2012)²². Although the large company share of turnover from e-commerce has doubled in three years, at 6% it is less than a third of the EU average.

The low trust of citizens in electronic systems is identified as a significant barrier to the adoption of e-commerce²³. In addition to improving internet access and stimulating computer use, development of the digital marketplace in Romania will require consumer confidence to be built in the security of personal data and financial transactions and also consumer law around online purchase of goods and services. This needs to be complemented by development of the regulatory framework on cross-border e-commerce, online payment and delivery and will be supported by a framework dedicated to easy resolution of the abuses and disputes specific to e-commerce.

²⁰Source CEDEFOP Survey 2011.

²¹ Highlighted in Commission Services Position Paper (October 2012) p7.

²² Source: Digital Scoreboard 2012.

²³ Source: Ministry for the Information Society.

ICT development in government has potential to improve the competitiveness of the business environment, to increase public sector efficiency and to reduce bureaucracy. In 2011, only 63% of Romanian enterprises were using the Internet for interaction with public authorities, compared with an EU27 average of 87%, whereas only 31% of the citizens were using e-Government services (the European target for the end of 2015 is 50%). However, to significantly improve the efficiency and flexibility of e-government environment, action will be needed to:

- improve the interoperability of electronic systems.
- rationalise and consolidate government ICT and e-government systems which have hitherto developed in a fragmented fashion.

Investments in the field of ICTs will proceed under the umbrella of the National Strategy for Digital Agenda – the strategic policy framework for digital growth.

Main development needs

In response to the foregoing analysis, investment in 2014-20 will be prioritised within the framework of the National Competitiveness Strategy, the National RDI Strategy, the Regional Development Plans and informed by the principles of smart specialisation. These conclude that the clearest potential for growth resides in Romania's internationally competitive sectors: in particular automotives; ICT products and services; food and drink processing. However, these sectors account for a limited proportion of total employment and their growth potential is insufficient to overcome Romania's vast employment gap in the medium term.

Reflecting their overall influence on employment, stimulating growth and sustaining existing activity in sectors that have notable growth potential - health/pharmaceuticals; textiles/leather; wood/furniture; energy/environmental management and in agriculture, forestry and fishing will also be important to Romania's medium term development.

Romania has a high agricultural potential which could provide the necessary natural consumer, food for animal feed, food and raw material for export availabilities. Investment and competitiveness of Romanian agriculture are elements that need to be improved to achieve accelerated economic growth and foster income convergence with the European level. They must simultaneously generate performance and competitiveness, stability and food security and jobs.

In order to increase competitiveness of Romanian fisheries, vessels need to be modernized and better equipped, specific infrastructure developed for the fleet, human capital improved and knowledge and innovation disseminated. Regarding aquaculture, there is a great potential for development by putting in place a financial system (EMFF), administrative and managerial measures along with improving entrepreneurship. Better organization of the supply chain is another factor that should improve the competitiveness of the sector as a whole

Growth potential as well as potential to contribute to social progress and transformation towards low carbon economy also resides in public sector markets. With a weak private market in the developing regions, public sector expenditure (RO National + ESI funds) is a very important component of aggregate demand. Across central and local government, routine public expenditure can be used more effectively to stimulate new markets (e.g. environmental goods and services), to deliver public services (e.g. through use of intermediate labour market models) and to lever development gains.

Analysis by sector and region highlights where regions enjoy comparative advantage²⁴, variously on the basis of natural resource and other factor endowments, relative accessibility to markets and supply chains in Western Europe, etc. Future investments will seek to consolidate the resulting local and regional specialisation, in order to ensure efficient use of regional development resources

²⁴ Regional competitive advantages were identified from the analysis made on regional economies in National Regional Development Strategy, Regional Development Plans and National Strategy for Competitiveness.

including by promotion of industrial creative clusters. Regional comparative advantages are identified in relation to:

- higher technology industrial sectors - chemistry and oil processing industry (South region) and automotive industry (South, South-West, West and Center regions), energy (South-West, West and South-East regions).
- lower technology industrial sectors - textile and clothing industry (North-East, South-East and Center regions), leather and footwear industry (North-West region) and wood processing and furniture industry (North-East, North-West and Center regions).
- high value-added service sectors - ICTs (Bucharest-Ilfov, West and North-West regions), financial and insurance activities (highly concentrated in Bucharest-Ilfov region, reflecting the major importance of the capital city for the entire Romanian economy).
- tourism (South-East, South West and North East are identified as possessing comparative advantage, but tourism is highlighted as a priority in all Regional Development Plans).

In pursuing local growth, the direction of Regional Development funds will take into account both national sectoral priorities and regional strengths.

In addition, to their potential as a growth sector, the horizontal application of ICTs in business and in government will be an increasingly important factor in Romania's competitiveness. In this regard government will have a key role, in ensuring the required ICT infrastructure is delivered; in ensuring the digital environment is effectively regulated so that businesses and citizens are confident in using it; in ensuring that businesses and citizens can interact electronically with government in an efficient and effective manner.

Informed by the findings of the analysis of Development Challenges and the SWOT Analysis (**Annex I**), the main development needs are:

- the continued expansion and growth, including in international market of Romania's competitive manufacturing and high value added services sectors, in particular automotives; ICT products and services; food and drink processing, energy/environmental management.
- the transformation of Romania's traditional sectors, including textiles/leather, wood/furniture, agriculture, forestry and fisheries where there is potential to grow or to sustain activity in the medium term through the exploitation of specialist niches or to increase competitiveness through innovation and market development.
- the restructuring and consolidation of agricultural holdings in order to improve their competitiveness and sustainability, alongside their adoption of modern and innovative agricultural and land management practices.
- the radical improvement to the business environment in terms of the availability of investment finance, the transparency and predictability of policy, the proportionality of administration and regulation, including through improvement to government use of ICTs.
- the liberalisation of public sector markets and their exploitation as a means to stimulate new markets, new business formation, social economy and increased economic activity, particularly in Romania's less developed regions.
- the attraction of investment into Romania's less developed regions and into its rural areas through an integrated approach spanning infrastructure, sites, skills, and investment support.
- strengthening the digital business environment.

RESEARCH, DEVELOPMENT AND INNOVATION (RDI) ACTIVITY IN SUPPORT OF COMPETITIVENESS

General

Science, technology and innovative behaviour are transforming forces for businesses, individual and society which facilitate:

- enhancement of the added-value in products and services, thus supporting higher returns to businesses and skills.
- the achievement and retention of competitiveness in an increasingly globalised marketplace.
- approaches to many of the big challenges confronting society.

The Europe 2020 Strategy aims to foster smart growth by supporting sustained investment in innovation. In 2011, Romania invested only 0.48% of GDP in R&D, with more than 80% accounted for by the Romanian public sector. A step change in behaviour is needed to achieve the **Europe 2020 target** of 2% of GDP by 2020²⁵. Some studies point to a relatively high level of innovation in Romanian businesses nevertheless²⁶, and suggest a need to look beyond formal R&D expenditure in order to fully comprehend the situation.

In terms of **territoriality**, Business (36%) and Government (41%) expenditure and employment in R&D are highly concentrated in Bucharest Ilfov; only R&D expenditure and employment in Higher Education Institutions (22%) is more dispersed.

Low level and slow growth in private sector investment in R&D

In 2011, Romania's Business Sector invested only 825m lei in R&D, 17.1% of the total. Growth in private sector R&D between 2007 and 2011 was only 11.8%, just over a third of the growth rate for all R&D expenditure²⁷. This pattern is attributable to structural and other factors.

The innovation potential in business is closely linked to Romania's economic structure²⁸:

- Large companies account for just 0.4% of all companies but they contribute 47.3% of GVA attributable to companies; 56.4% of large companies are assessed as innovation active.
- Medium sized companies account for 1.9% of companies and generate 20.5% GVA in companies; 38.7% of medium sized companies are assessed as innovation active.
- Small companies represent 10.6% of the total and 17.8% of GVA in companies; 27.5% of small companies are assessed as innovation active.
- Micro companies amount to 87.1% of the total and 14.4% GVA in companies, only a small fraction are believed to have capacity or orientation towards innovation.

Innovation potential also reflects the focus of activity. As discussed above, Romania's company base is skewed towards low value-adding activities. Almost half of the total is in retailing or close-to-retailing activities.

However, beyond the structural factors which suggest that a very modest proportion of the business base represents a realistic target for innovation support, additional factors have been identified as constraining private investment in research and innovation²⁹:

- the negative impact of the international economic crisis³⁰.
- disruption in national public support to RDI activities since 2009 (National Programme calls become irregular and the calls' budgets decreased sharply).
- the complexity of rules concerning access and implementation of publicly supported RDI projects.
- decrease in the number of R&D employees in the private sector.
- many of the foreign-owned companies (including former state companies) do not include research activities within their operations in Romania.

²⁵ Highlighted in Commission Services Position Paper (October 2012) p7; European Council Recommendations on Romania's National Reform Programme (June 2013) p8.

²⁶ For example, DG ENTR, 2011, SME Access to Finance Survey.

²⁷ Source: National Institute for Statistics.

²⁸ Source: INS and Study The role of private sector in the development of competition in R & D and innovation system.

²⁹ "Evaluarea Intermediară a Strategiei Naționale și a Planului Național CD & I 2007-13" (Technopolis Group, 2012), "Noi direcții de politică industrială și modificările structurale necesare" (Cojanu et al, 2012), "Rolul sectorului privat în dezvoltarea competiției în sistemul cercetării-dezvoltării și inovării" (2012).

³⁰ The overall number of innovators in 2010 decreased by almost 40% relative to 2006. Process innovators, which represent the majority of innovators, registered the worst decline (almost 50%). The number of companies that introduce new or significantly improved products declined by almost a third compared to 2008.

- weak connections between academia and Romanian private sector R&D, and the poor practical applicability of the research results generated by the public sector.
- high costs of patent registration at European level. Romanian institutions are determined to patent at national level.

In spite of a diverse offer of financial support for RDI in the period 2007-2013 was quite diverse, demand from enterprises was not particularly high. Access to financial instruments (loan, guarantees, risk-capital) was limited in this period and the SMEs, especially, found it very difficult to ensure a robust cash-flow necessary for their projects.

Limited alignment between private R&D and sectors with growth potential

In 2011, business R&D expenditure was concentrated in the automotive (22%), chemicals (10%), ICT (10%), and electrical equipment (7%) sectors. Private R&D institutions have also a large share of business expenditure for R&D (22%).

Some large sectors are associated with very small R&D expenditure. Trade, which accounts for almost half of all businesses, contributes only 2%; Agriculture, which accounts for 30% of employment contributes less than 1%.

Analysis of the public demand for R&D funds shows that ICT is active in seeking public funding, whereas automotive and chemical R&D is based mainly on private funding.

The pattern of private R&D expenditure is only partially correlated with sectors targeted under the National Competitiveness Strategy and National RDI Strategy.

Based on the analysis of the RDI market in Romania³¹ and according to the methodological guidelines specified in the European "Guide for Research and Innovation Strategies based on Smart Specialisation"(RIS3) the National RDI Strategy identifies the following thematic priorities for the public RDI investments in the period 2014-2020:

- bio-economy (agriculture and forestry, fisheries and aquaculture, food, biotechnologies and bio-pharmaceutics);
- ICT;
- energy and environment;
- eco-technologies (transport vehicles, pollution-control technologies and waste management, intelligent city);
- health.

Fragmented public R&D poorly linked with business

Romania has an extensive public R&D infrastructure comprising 54 universities, 47 National Research and Development Institutes, the Romanian Academy with 66 Institutes and Research Centres, the Academy of Agricultural and Forestry Sciences with 17 Institutes, Research Centres and a network of field research units. In terms of **territoriality**, although represented in all regions, there is particular concentration in Bucharest, followed by Iasi and Cluj. However, the Romanian R&D and academic environments have been found to be characterized by fragmentation, inconsistent quality, excessive standardization, inefficient use of resources and the absence of strategy for developing research-intensive institutions³².

Private agricultural research has a low share in the national agricultural research. A particularity of agricultural research in Romania is the fact that research itself is associated with development and innovation activity, as well as with a commercial activity on the market of seeds, viticulture, forestry, animal husbandry and fishery genetic material.

³¹ In the context of establishing a National RDI Strategy for Smart Specialisation, the Romanian Ministry of National Education engaged the support of JASPERS for performing an analysis of the RDI market in line with the methodological elements specified in the RIS3 Guide (based set of four indicators (contribution to gross value added, business expenditure on research and development, exporting and sectoral specialisation)

³² Highlighted in Commission Services Position Paper (October 2012) p7; National Reform Programme 2011-13 Progress Report (March 2013) p12.

The R&D institutes are under assessment and classification according to their R&D activity performance³³. The main evaluation criteria are the quality of research results, the quality of human resources, the quality of the infrastructure and its level of exploitation, managerial efficiency, the quality of the institutional development plan.

Analysis of publications and patent applications reveals that Romanian public R&D institutions possess particular strengths in the fields of:

- Materials technologies, including nanotechnologies.
- Engineering, including aeronautics and automotives.
- Information and Communications technologies.
- Environmental science and technology.
- Medicine / health.
- Agriculture.

This analysis is consistent with the strengths of Romanian research in the European context. The FP7 'Cooperation' areas where Romanian participation has been strong (on the basis of funds attracted) have been: ICT; Transport (including Aeronautics); Nanosciences, Nanotechnologies, Materials and New production technologies; Environment; Health; Food, Agriculture and Fisheries, and Biotechnology.

These strengths are well aligned with the sectors that are demonstrating growth and export potential under the competitiveness strategy (e.g. automotives, ICTs, food), with second tier opportunities where innovation could extend the life of mature product lines and support related diversification (e.g. wood and textiles) and with major societal challenges confronting Romania (notably climate change adaptation, and environmental remediation).

However, while much of the research undertaken in Romania is impressive, it is largely driven by academic curiosity rather than commercial considerations. Connections between education, research and the business sector remain weak³⁴, with the result that few ideas are transferred and commercialised³⁵. This is further impeded by the framework of ownership and sharing of intellectual property arising from research³⁶. Such collaborative activity as exists tends to be between R&D institutions and large companies. There is limited participation by SMEs, although this to some degree reflects the relatively small scale and sectorial structure of the SME base.

Shortage of research skills

The research skills base in Romania has expanded substantially since 1993, particularly in the higher education sector. However, uncompetitive wages and research facilities have seen talent haemorrhage from public sector research in recent years, with many young researchers migrating abroad. Among the EU countries Romania has the lowest share of R&D personnel as a percentage of all persons employed (0.4%, 2010) which is about a quarter of the EU average. In terms of **territoriality**, only Bucharest Ilfov is close to the EU average of 1.7%.

In 2011 only 25.8% of the economically active population in the age group 25-64 had either successfully completed tertiary education in science and technology or was employed in an occupation where such an education is normally required, in comparison to the EU27 average of 42.3%. In terms of territoriality, there are significant regional variances with Bucharest Ilfov (46.7%) exceeding the EU27 average, and the remaining regions varying from 17.7% in Nord East to 25.1% in West.

Main development needs

³³ In line with Government Decision No 1062/2011.

³⁴ Source: QualityBarometer, 2010, *The Quality of Higher Education in Romania*.

³⁵ Highlighted in Commission Services Position Paper (October 2012) p7.

³⁶ Highlighted in Commission Services Position Paper (October 2012) p7.

In response to the foregoing analysis, investment in 2014-20 will be prioritised in the framework of Romania's National Competitiveness Strategy, the National RDI Strategies and the principles of smart specialisation. A complementary fiscal environment will incentivise companies, including multinationals, to locate their research activities in Romania. A tax deduction of 120% of R&D expenses for undertakings where R&D activities accounting for at least 15% of their total yearly expenditure was introduced in 2010 and has been upgraded to 150% in 2013.

For agriculture sector, the role of innovation is crucial for increasing the farm competitiveness and performance, particularly for the new farms resulting from the process of consolidation. In order to facilitate the introduction of new technologies, tapping and orienting the knowledge of the research units towards practical application at farm level would be essential through partnership agreements for innovation.

Informed by the findings of the analysis of Development Challenges and the SWOT Analysis (**Annex I**), the main development needs are:

- the creation of a more compact and modern R&D environment that is focused on business's needs, societal challenges and technologies where Romania has world class potential, informed by the principles of smart specialisation and in order to increase the commercialisation and internalisation of research.
- the promotion of an enterprise and innovation culture throughout the education system and in business networked with all necessary forms of support, financial, managerial, technical, creative, in order to realise the latent potential in Romania's people and its businesses.

THE PEOPLE AND SOCIETY CHALLENGE

EMPLOYMENT AND LABOUR MOBILITY

General

According to the *National Employment Strategy*, the Romanian global objective in the perspective of 2020 is to reach a sustainable level of employment, supported by economic competitiveness, social cohesion and sustainable development. This aim will be seek by promoting a performing, dynamic and flexible labour market which will ensure people access to quality jobs, according to their skills and competencies, non-discrimination and decent revenues, through job generation and employability support measures, implemented by an effective social dialogue.

Romania follows this vision in the context of the specific particularities on the labour market, determined also by the effect of the crises. One of the most pressing challenges for Romania is the *low labour market participation*³⁷, which comes from the gross deficit in employment opportunities, the dynamic of the young workforce, the disadvantages of the vulnerable groups on the labour market, as well as from the bottlenecks of the education and training system.

In this context, one of the priorities for 2014-2020 should be the delivery of active labour market policies, aspect that was also highlighted by COM in the *Country Specific Recommendations*. This recommendation refers to the improvement of the labour-market participation, as well as employability and productivity of the labour force. This should be addressed by reviewing and strengthening active labour-market policies, providing training and individualised services, and also by enhancing the capacity of National Employment Agency.

The national target assumed by Romania through *NRP* is to reach 70% level of employment rate (age group 20 – 64). This target was set out in accordance with Europe 2020 Strategy and represents the main aim at the level of all specific action plans implemented by the national

³⁷ As is reflected also in the *Position of the Commission Services on the development of Partnership Agreement and programmes in ROMANIA for the period 2014-2020* – page 6.

authorities in order to increase the employment rate and to reduce the distance to Europe 2020 target.

Objective 2020	UE 27 targets (%)	Romania targets National Program (%)	assumed through Reform	Romania situation - current (%)
Employment rate (age group 20 – 64)	75	70		63.8 (2012)
Country Specific Recommendations 2013: <ul style="list-style-type: none"> - to fight undeclared work; - to promote the employability of older workers; - to improve labour market participation, as well as employability and productivity of the labour force, by reviewing and strengthening active labour market policies, to provide training and individualised services and promoting lifelong learning; - to enhance the capacity of the National Employment Agency to increase the quality and coverage of its services; - to fight youth unemployment, implement rapidly the National Plan for Youth Employment, including for example through a Youth Guarantee; 				

Analysis

Considering that Romania has a low employment rate (63.8%, with 6.2 pp. below the national target), efforts that should be done by the national authorities are aimed at increasing the employment rate and matching the labour market requirements with what the labour force at national level has to offer.

Given that in 2012 the youth employment and activity rates were among the lowest in the Union - at 23.9 % and 30.9 % respectively, whereas the youth unemployment rate was high at 22.7 % in 2012 - Romania would enhance the quality of active labour market policies and would implement the National Plan for Employment, focusing on young people who are neither in employment nor in education and training (NEETs).

In accordance to *NRP*, by focusing its activities on strengthening the third pillar of flexicurity, with the contribution from ESI Funds, the Romanian authorities would contribute to the improvement of the active labour market measures to reduce the risk of long-term unemployment.

Challenges are coming from specific particularities of the market, specificities which may be looked at as follows:

A gross deficiency in demand for labour

Structure of the employment in Romania has particularities with a key role when analyzing it. A very high level of self-employment (32.5% in 2012, double than EU27 average: 15.2%) and unpaid family workers are variables that need to be considered while analysing employability in Romania because they are indicative for a gross shortage of employment opportunities.

As effect of the crisis, the employment rate of the population 20 to 64 years decreased by 1.6% during 2008 to 2012, reaching 63.8% in 2012, a level significantly lower compared with the average for the EU27 (68.5%), as well as with the 70% national employment target set up in the context of EU 2020.

On the other hand, the employment rate of the rural population 20 to 64 years decreased by 3.4% during 2005-2011, reaching 63.7% in 2011, a level higher than employment rate in urban areas (62.2%) due to population employed in agriculture (60.3% from total employed population).

Despite of the employment decrease, the unemployment has remained relatively low during the recession, rising from 5.8% in 2008 to 7.0% in 2012, some 2.5 % below the EU average. A number of 30% of the population in the 20-64 age range is economically inactive.

Regional employment disparities

There are significant disparities between total employment rate in Romania's regions with a range of 11.5 % between the region with the highest employment rate (North-East: 64.9% in 2012) and that with the lowest employment rate (Centre: 53.4% in 2012).

Important disparities were registered also between unemployment rates in 2012 among Romania's regions, with a range of 5.9% between the region with the highest unemployment rate (South-East: 10.2%) and that with the lowest (North-East: 4.3%). The rest of the regions registered unemployment rates as follows: North-West: 4.5%, West: 5.1%, Bucharest-Ilfov: 6.2%, South-West Oltenia: 6.7%, Centre: 9.8% and South-Muntenia: 9.9%.

A specific situation regarding unemployment rates was registered in fisheries and coast areas, with the highest unemployment rate in 2012 in Teleorman County (10.04%) and the lowest in Botosani County (4.56%). The rest of the areas registered unemployment rates as follows: Dobrogea Nord - Constanța and Dobrogea Sud Agigea (4.67%), Brașov – Făgăraș (5.07%), Iași (5.25%), Vrancea (5.72%), Giurgiu (6.05%), Tulcea (6.25%), Brăila (6.60%), Călărași (7.43%) and Galați (9.14%).

Against this background the EU 2020 target of 70% for employment will be challenging to achieve without an expansion of employment in Romania's less developed regions.

Low level of employability among women and older worker

Romania's employment problem is strongly correlated with gender and age.

The disparity between male and female employment in 2012 was 2.9% wider in Romania than the EU average. In 2012, in Romania, the male employment rate for the 20-64 age group stood at 71.4% compared with 56.3% for women.

The gender employment problem is more evident at regional level, with discrepancies in 2012 of 11p.p. between the employment rates for males (West: 74.7% and Centre: 65.7%) and 16.2p.p. between the employment rates for women (North-East: 65.5% and Centre: 49.3%).

Despite this, efforts are continuous to leverage it. Vocational training for the labour force had proved to be an instrument that reduced this disparity. By March 2013, according to data reported by the beneficiaries, 89,686 women participated in Programmes of continuous vocational training (CVT) out of a total of 154,832 attendants.

Among older workers the employment rate decreases rapidly. In 2012, the employment rate among those aged 55-64 stood at 41.4%, compared with 63.8% in the 20-64 age range. There are as well, in this case regional disparities with 23.8% difference between Bucharest - Ilfov (32.4%) and North-East (56.1%).

The dynamic of the young workforce

Significant discrepancies between Romania and EU 27 are registered in the employment rate among young people (aged 15-24). In 2012, the average in Romania was 9% lower than the EU average (23.9% in Romania, against 32.9% in EU 27); for young women, the gap was 10.7%.

Unemployment rate 15 – 24 years old increased from 18.6% in 2008 to 22.7% in 2012. After this indicator, in Romania there are 3 regions that will be eligible within Youth Employment Initiative, having youth unemployment rate higher than 25%, as follows: Centre (31.7%), South-East (31.3%) and South-Muntenia (30.2%).

Moreover, in 2012, the share of young people not in employment, education, or training (NEETs) was 3.6% above the EU average (16.8% in Romania, against 13.2 % in EU 27) and among young women was 18.6% compared to 13.5% in EU27.

The employment rate of young people is very much correlated with the level of education attained (according to ISCED 97). For those with upper secondary and post-secondary non-tertiary education (levels 3 and 4), the employment rate was 29.4% in 2012, compared to 43.5% for EU27. For tertiary education graduates (levels 5 and 6), the employment rate was 39.7% compared to 54.6% for EU27.

Besides the educational level³⁸, which is one of the important factors that influence access to employment, mismatch between qualifications of young people and skills required by employers generates increasing youth unemployment (this refers to both technical and vocational skills as well as generic skills, i.e. transferable skills - e.g. the ability to organize one's own work and learning process, cognitive skills, communication and organizational skills)³⁹.

On the other hand, lack of work experience is another disadvantage factor for young people, making them vulnerable to competition with other workers. According to recruiters⁴⁰, 59% of employers cannot afford to hire young inexperienced.

The entrepreneurial culture in Romania is reduced, situation highlighted in the in the reports of the EC which mention the low density of SMEs, a lot under the European average (registering white areas in the rural background) depriving the GDP of a contribution similar to other countries.

The Romanian Government's response to this situation is *the National Plan for Boost Youth Employment 2013*, which includes measures and programs such as Youth Guarantee (mobility bonuses, financial incentives, professional and carrier guidance and entrepreneurship counseling, business simulation, internships, apprenticeships, partnerships between schools, universities, and companies and other organizations and start-ups created by young persons).

The entrepreneurship will contribute to the decreasing of the unemployment rate by increasing labour market participation and ensuring competitiveness and economic growth, including by promotion of creative industries.

A pilot scheme of "Youth Guarantee" is also under implementation, financed from the Sectoral Operational Programme Human Resources Development 2007-2013 (HRD 2007-2013), in order to create a model and to identify the most appropriate measures, adapted to national specificities, on which will be projected Youth Guarantee scheme 2014-2020.

Vulnerable groups affected by labour market disadvantage

Given the general shortfall of jobs in the Romanian labour market, groups facing particular disadvantages are mostly affected. In addition to inadequate skills, adverse attitudes and social norms, overly rigid working conditions, information and networks represent obstacles to jobs search and impact the types of jobs disadvantaged groups obtain.

Roma people have a lower education level compared to the majority population, which limits their access to the labour market, given that the demand for skilled labour force is increasing⁴¹: one third of the population has primary education, 1/2 of the population - secondary level, 1/4 of Roma people say they do not know how to read and write.

Another problem is the huge gaps in job opportunities and extremely low productivity rates, comparable to the average rates of the world's poorest 25% of the countries. In comparison with the situation across Europe, the Roma living in Romania stand for poor participation in the formal labour market and high participation in the informal job market, without social security mechanisms. According to a recent study⁴² carried out on a sample representative for the Roma population aged 16 or over shows that, in 2011, the employment rate was only 36%, while other 36% were in search of a job and 28% were inactive (versus an employment rate of 58% and an unemployment rate of 7.7% nationwide, NIS data). Only one in ten Roma has had a stable job in the past two years, and 52% declare that they haven't found work at all over that period. Among Roma women, labour market participation is very low, with only 27% being employed and 36% declaring to be in search of a job. In addition, at very young ages, most Roma women have many children they need to take care of.

³⁸ Study: *Improving professional skills among graduates and young people: a chance for the future*

³⁹ 2013 World Bank Report: *Europe 2020 Romania: Evidence-based Policies for Productivity, Employment, and Skills Enhancement*

⁴⁰ Social Inclusion Barometer 2011

⁴¹ Idem 10

⁴² Tarnovski (ed.) (2012), SOP HRD project.

Roma workers are own-account workers and only 10-15% of them are salaried workers. The majority of Roma employees don't have any formal qualification or they work unskilled jobs such as cleaning personnel, dustman or green space worker.

Disabled people. From the analysis of statistical data, centralized at the Ministry of Labour, Family, Social Protection and Elderly, approximately 1.4 million persons are confronted with different disabilities (persons with disabilities and persons with invalidity) that limit their work capacity. Due to the fact that they are confronted with restrictions and difficulties on labour market, especially women above 50 years old, in June 2013, only 12.71% persons with disabilities were employed. Moreover, from the total amount of people with disabilities, 56% declared that they never worked. The most pressing need for the disabled people seems to be the creation of appropriate jobs, corresponding to the specific disabilities of these persons.

Moreover, the relative low level of education is a concerning issues in the case of disabled people (half of them have graduated only 8 classes, as the highest level, and, in the case of those with severe handicap this share rises at 60%, compared with about 35% for the general population). Therefore, there is no fulfilled a relevant precondition for the integration of these people on the labour market, especially for the disabled with a higher degree of disability.

Attractiveness of economic sectors

The employment shares by economic sectors are also distinctive from Romania, compared with the situation in other EU countries. If in industry and constructions, employment share is close to that of EU level average (28.6% in Romania compared to 22.6% in EU27), major discrepancies are for agriculture and services.

A big challenge for the Romanian economy comes from the agricultural sector. While agriculture comprised 29% of the workforce at the end of 2012, its share in total number of employees was only 3.1%, a large number of persons having the status of self-employed workers and unpaid family workers (31.5% from the total employed population). Also, a third of those working in agriculture are young people under 35, with low levels of education and qualification and weak possibilities to adapt to labour market requirements. The contribution of this sector to GDP is about 7%. In fact, in agriculture, productivity per person is only about a quarter of the national average.

In this context, at national level was recorded a low level of employed population in non-agricultural activities than in EU 27. In the period 2008-2011, the extractive and energy sectors, construction, hotels and restaurants, real estate and the public sector recorded significant reductions. The sectors experiencing employment growth in 2008-2011 were in the higher value adding services group. Logistics, ICTs, financial services and business services all registered increases. Professional and scientific services experienced a below-average reduction.

For the next period, 2014 – 2020, the most competitive sectors identified under the National Strategy of Competitiveness are: agriculture, manufacturing, ICT, energy and environment, pharmaceutical industry, health and tourism and the last, but not least, constructions.⁴³

Lack of strategic correlation between labour market needs and education

Labour market needs are closely correlated with educational attainment and qualification levels. Unemployment, but even more so inactivity, is associated with lower levels of education. Major deficit in education in Romania's case against the EU average, occurs in the tertiary level, where the share of total employment in 2010 represented only 17% (15% for men and 19% for women).

Moreover, participation in adult learning⁴⁴ is very low in Romania (1.4% in 2012 according to Eurostat database) and, as in other Central and Eastern European countries, shows a strong rural-urban divide. In this context, the main concern is related to skills which tend to become obsolete

⁴³ Draft of the National Strategy of Competitiveness 2014 – 2020, pg 47 - processed data from "Analysis and Evidence Base of the R&D&I Market in Romania", Final Report, 14th March 2013, Ove Arup & Partners

⁴⁴ 2013 World Bank Report: Europe 2020 Romania: Evidence-based Policies for Productivity, Employment, and Skills Enhancement

due to technological change. Shortages of skilled workers are identified, particularly in areas of manufacturing and agro-food with growth potential. Job creation in areas of high value added is difficult if the appropriate pool of skills does not exist to respond to the demands of the labour market.

Demographic issues and impact on the labour market

Demographic aging is a phenomenon that must be taken into account. The population over 60 year's old rose continuously, reaching a share of 20.5% from the total population (2011) and 27% for the persons over 55 years old. The demographic changing trend is more evident in the south part of the country (the regions South Muntenia and South-West Oltenia). An important contribution to this phenomenon, increasing after 1990 had external migration, given that active people, both economically and demographically, prevailed among the emigrants. This has contributed, in a certain measure, to the reduction of births and natural growth, that made Romania to lose 6.37% of population between 1992⁴⁵ (22,810,035 persons) and 2012 (21,355,849 persons)⁴⁶.

Such an evolution creates a big pressure on the national system for social protection and requests for consistent measures of promoting active ageing and involvement on the labour market of older workers, as well as encouraging and stimulating the youth participation on the labour market.

Return of emigrants from the European countries

Another major issue is the reintegration into the local labour markets of the returned emigrants from the European countries like Spain, Italy etc.

At the beginning of 2010, almost 2.1 million⁴⁷ Romanian citizens were working in other EU Member States. Such a phenomenon created a strong imbalance on the internal labour market (for example, in the context of significant personnel reduction in the health sector).

Labour mobility is strongly influenced by the persistence and deepening of the economic crisis. In this perspective the risk of returning home to large groups of Romanian citizens calls for coordinated management of this phenomenon, which could have strong implications on the social protection, education, and health or pension systems.

"Nearly 35% of Romanians in Madrid has no job and only 1/3 of them want to settle residence in Spain. Among them 37% wants to return back to Romania, 5% are considering to immigrate to another country, and 19% do not yet know what they want to do/not decided yet"⁴⁸.

On the other hand, migrants return to Romania with improved skills and financial resources. This could have positive effects on the economy, provided that an adequate response is ensured both in terms of recognition of skills and competences and alignment with the national legislation, as well as ensuring a friendly business environment.

Low administrative capacity of the Public Employment Service

The changes in the socio-economic context and in the structure of the labour market have resulted in an increased number of job seeking and unemployed clients for the PES and increased demand for PES services. This changed socio-economic context has increased the relevance for the unemployed and job-seekers of certain PES active labour market services: particularly information and guidance, mediation and vocational training. However, the changed socio-economic context has also caused a decrease in the quality and scale of some of its services, particularly the active employment measures, primarily due to the combined demands of an increased number of clients

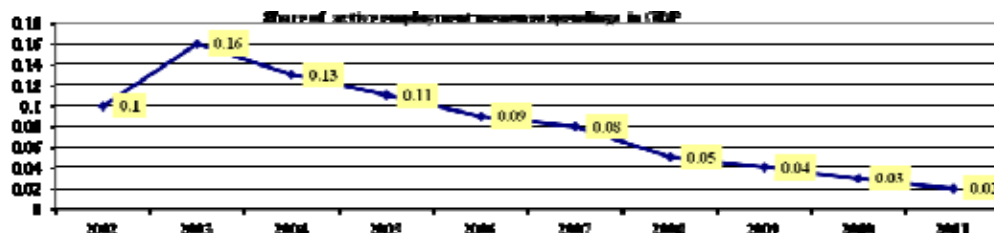
⁴⁵ NIS: Population and households census: <http://www.insse.ro/cms/files/rpl2002rezgen1/rg2002.htm>

⁴⁶ http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=demo_gind&lang=en

⁴⁷ According to EU statistics 1.85 mil persons, according to other research, around 2.1 mil.

⁴⁸ *** , Regional emigration survey in Madrid Region, concluded based on 3000 interviews with foreign inhabitants which are leaving in the region. For this survey have been consulted also 800 Romanians from Madrid, a region where the Romanian community is the biggest among the foreigners, www.romanul.eu, No. 73 24 May - 6 June 2012, pg.3, [facebook.com/romanul](https://www.facebook.com/romanul), twitter.com/RomanulSpania

(particularly registered unemployed), an increased range of client needs, and PES budget reductions and staffing constraints.



Source: National Agency for Employment

In this context, a strategic and multi-faceted approach is needed to better match PES services with employment demands. Strengthening administrative capacity of PES and assurance an adequate level of resources for active measures is crucial in order to increase the quality of the provided services and the efficiency of the actions implemented with various target groups.

Main development needs

Informed by the findings of the analysis of Development Challenges and the SWOT Analysis (*Annex I*), the identified development needs are also in line with the first results of the *National Strategy for Employment in the perspective of 2020*, as well as with the *National Plan for Youth Employment*. According to the weight of the problem, the main development needs in the field of employment and labour mobility are:

- **Increasing the employment opportunities** - this development needs is dependent of a wider action to stimulate regional development through investment in primary infrastructure, in the business environment including the creative industries, and in urban and rural regeneration. Employability actions cannot succeed in a situation where there is a gross deficit in employment opportunities.
- **A sustainable integration into the labour market of young people not in employment, education or training (NEETs)** - this group is at the long term unemployment risk, at high risk of poverty, in terms of reduced performance, due to educational level on the one hand and the lack of practical experience in the labour market on the other;
- **Access to employment for job-seekers and inactive people, focusing on women, youth and older workers over 45 years old, Roma, disabled and other vulnerable groups** – these categories represent an important workforce resource, but they are facing specific challenges and difficulties on the labour market;
- **Address the specific regional and territorial disparities and support for labour mobility;**
- **Aligning the education, training and employability services to the changing needs of the labour market**, in particular the skill needs in those sectors which have potential for growth.
- **Conversion into non-agricultural activities, diversification of rural economy, training and educating for the rural population** – this development need comes from the distinctive structure of employment in Romania, with agriculture comprising 29% in 2012 and low level of employed population in non-agricultural activities than in EU 27.
- **Diversifying the fisheries and aquaculture economy in order to attract employment and business creation in the field**
- **Modernizing the PES system and strengthening its administrative capacity to deliver active and preventive employment measures, as well as quality services**

SOCIAL INCLUSION AND POVERTY

General

As a MS of the EU, Romania has focused towards reducing the risk of poverty or social exclusion, taking up in recent years the relative method for measuring and monitoring poverty risk. The risk of poverty or social exclusion is a multidimensional concept embedding three components:

- income poverty;
- severe material deprivation;
- people living in households with very low work intensity.

As Council Recommendation for July 9th 2013 mentions, poverty reduction continues to be a major challenge, especially in the specific circumstances for Romania of a *severe material deprivation* that takes a toll on over 29.4% of the country's population (in 2011) compared to 8.1% which is the EU27 average. In 2011, 40.3% of the population were at risk of poverty and social exclusion, about two thirds more than the EU average of 24.2%. **Children are particularly affected** (49.1%).

With regard to the *relative poverty rate*, in 2011, this reached 22.2% of the population, making Romania one of the MS with a high at-risk-of-poverty rate.

People living in households with very low work intensity account for 6.7% of the population (in 2011) compared to the EU27 mean of 10%. Nonetheless, almost one in ten children and one in ten people aged 18-59 live in households where no one has a job.

The risk of poverty affects the entire population to a smaller or greater extent, and the poor people are found in all groups. Nevertheless, the dominant profile of the poor is very stable and affects those belonging to vulnerable groups.

The rate of the population at risk of poverty and social exclusion is also very high and children are particularly affected. Romania will adopt the secondary legislation in the programming period 2014-2020 and ensure the link with activation measures.

Poverty incidence (irrespective of the estimation method we use) has been constantly and disproportionately higher for the following groups: a) households with a large number of adults and children, in particular those with three or more children (households with at least five members represent about 55% of the poor); b) single parent families; c) children (0-17 years) and young people (18-24 years); d) low educated people; e) informal workers, family farmers; f) the unemployed and stay-at-home people; g) the poor Roma (a large part of Roma people are poor and at risk of social exclusion); h) the people who are living in poor rural areas; i) single elderly; j) the homeless people.

As it was set in EU 2020 Strategy, Romania has set the target to reduce the number of people at risk of poverty and social exclusion by 580,000 persons. In this respect, progress has already been made as the data published by Eurostat are indicating a slight improvement of the percentage of people at risk of poverty after social transfers, reaching the level of 22.2% in 2011, as compared to 23.4% in 2008.

According to Eurostat, in 2011, the percentage of people living in households with very low work intensity was 6.7%, and the percentage of the severely materially deprived people was of 29.4%.

Objective 2020	UE 27 targets	Romania assumed targets through National Reform Program	Romania current situation (2011)
Reduction of population at risk of poverty or social exclusion (number of persons)	20,000,000	580,000	240,000

Country Specific Recommendations:

- to speed up the reform in the health sector
- to implement measures to fight poverty
- to finish the reform of the social assistance system and to strengthen the link with activation measures
- to speed up the transition from institutional to alternative care for children deprived of parental care
- to continue the implementation of the National Roma Integration Strategy in a more efficient way

Analysis

The causes of poverty may be summarized as follows:

1) Poor or lack of economic development

Romania has reported a painful drop in the economic output during the global crisis. The recession started in the third quarter of 2008 and deepened sharply in 2009. The economy showed signs of recovery in 2011 (a year with a good productivity in the agricultural sector). Nonetheless, the economic output continued on a low level due to a large fall in GDP, namely of 7-9%⁴⁹, in 2009 compared to the previous year, much higher than the EU-27 average. At the end of 2011, Romania experienced two consecutive quarters of decline in the economic output, which technically means recession.

The economic crisis determined the government to focus on stabilization measures rather than on crisis exit strategies⁵⁰. Also, the fall in economic activity had harsher adverse effects on non-farm workers than on overall employment (non-farm plus farm workers).

In the same time, mono-industrial areas affected by industrial restructuring are experiencing pronounced ageing and depopulation as well as a lack of economic development opportunities.

2) Employment drop out/low paid, unsafe, informal employment

During the crisis, the number of salaried workers has dropped by more than 15% or nearly 730,000 people⁵¹. Moreover, the loss of non-farm employment has been greater than the EU-27 average (-2.5%).

The fall in the demand for labour in both formal and informal sectors of the economy took a much greater toll on the poor.

According to a 2011 SOPHRD study⁵² implemented by the National Trade Unions Block, 31% of the total employed population, including those from the subsistence farming, works in the informal sector. As a consequence, an important part of them have unstable jobs, seasonal or temporary that provide low and irregular incomes (often in kind) and that are not covered by the social insurance, health and unemployment systems.

Reduced participation and access restricted to unstable and marginal positions on the labour market, affecting vulnerable groups, such as Roma, may also be mentioned on the list of causes of poverty.

3) Reduced access to education, culture, health and social services

As mentioned before, poverty affects mostly persons from rural, small towns' areas and isolated communities that have poor access to services and communities without basic utilities.

Poverty inhibits personal development, which has negative effects especially on child health, academic results and general well-being. All these are aggravated by the difficult access of the poor

⁴⁹ Other Member States in the same position: Slovenia, Hungary, Bulgaria, Finland, and Ireland (European Commission, *Employment in Europe 2010*).

⁵⁰ Metis GmbH & wiiw (2012) *Evaluation of the reaction of the ESF to the economic and financial crisis, Final Report*, European Commission report, DG Employment.

⁵¹ Decline reported in Q3 of 2008 and Q1 of 2011.

⁵² Voinea and Albu (2011), project POSDRU.

to educational, cultural, health or social services. Deprivations are even sharper in rural communities where the number and quality of these services are considerably lower.

4) Low level of education

The risk of relative poverty of those graduating not more than middle-school is almost two times higher than those with vocational education and 12 times higher than those who graduated higher education.

The general population is equipped with rather limited digital skills. Disadvantaged groups have even fewer digital skills that are totally insufficient to provide an efficient means of inclusion and participation.

The lack of economic development and jobs in rural areas is the reason for which the majority of people living in those areas are poor or at risk of poverty or social exclusion.

Low or difficult access to education is another issue that contributes to the transgenerational poverty, which affects a large part of the population in rural areas and turns it into a vulnerable group.

Poverty across the life cycle

Whilst the relative poverty rate of childless households has dropped slightly in recent years, in households with children it has risen. Among these, *single-parent families and households with three or more children* are faced with a risk of poverty that is 1.5-2 times greater. Furthermore, these households experience very deep material deprivation.

For working-age population, unemployment is the main cause of poverty. The risk of poverty in *the unemployed* is almost six times higher (and rising) than in employees.

Still, work does not always provide a way out of poverty. *Self-employed farmers* face an even higher poverty risk than the jobless. In addition, in 2008, before the crisis started, Romania already had the highest in-work poverty rate in Europe, namely 17% of workers were living below the at-risk-of-poverty threshold (Frazer and Marlier, 2010). This rate has stayed relatively constant during crisis years. This type of poverty is influenced by the number of children, whether there is a single underpaid parent or a couple with children where only one person works on a low wage. Consequently, households with children are the most vulnerable to this type of poverty.

The risk of poverty among *the elderly (65+)* has dropped significantly from nearly one in four aged people in 2008 to one in six people today. Nonetheless, the risk of poverty continues to be quite high among one-person households, more precisely among *single women and old people living alone*. Population ageing trends make things even worse. By 2030, the number of people aged 65 or over will increase by almost 760,000 placing more pressure on health care and the pension system.

Territorial poverty disparities

The distribution of poverty is subject to significant regional and territorial disparities.

Bucharest-Ilfov has the lowest incidence; poverty is almost twice as prevalent in the North-East and South-East. Between 2005 and 2011, the greatest progress in reducing poverty was recorded in three regions: Central, Bucharest-Ilfov and Southwest Oltenia; in South East and West regions its extent was changed only marginally.

In territorial terms, significantly higher shares of people faced with the risk of poverty or social exclusion are found in rural areas and small towns, mostly in the regions Northeast, Southeast, Southwest Oltenia and South-Muntenia. More than 71% of the Romanian poor live in rural communities.

Mono-industrial areas affected by industrial restructuring are experiencing pronounced ageing and depopulation; isolated settlements located in mountain regions and along the Danube corridor have the same negative demographic trend, mainly because of their geographical characteristics limiting access to jobs.

In *rural areas*, poverty is associated with lack of modernization and economic life dominated by agriculture. Since 1990, concentrations of poverty have formed in the urban centres in areas of poor housing, requiring an integrated approach. Further differentiating factors in urban poverty are the monetary income dependence of city/inhabitants, the segregation of communities in housing and use of social services.

Poor communities level and disadvantaged living areas

Sustainable development is impossible to achieve without due consideration to the spatial dimension of poverty. Poverty is much more common in rural areas, where it is paired with housing deprivation mostly related to poor sanitation (restroom, bathroom, running water). Still, after 1990, urban areas started to witness the emergence of territorially compact pockets of extreme poverty and precarious housing.

These areas are pockets of social exclusion clustered with people who are equally excluded from the official labour market and exploited on the informal labour market, poorly connected to the flows of information and communication and with poor quality of services (education, health, and infrastructure). Even if many of these districts are not always formed on ethnic criteria, but rather on poverty, generate social exclusion which affects the Roma to a greater extent. In all these areas, children and young people make the majority (over 60%), while the population 60+ accounts for less than 10%.

Though towns are relatively well connected to utilities, children in the pockets of poverty and their parents – generally young people – live in sordid buildings, some on the verge of collapse, without utilities or even electricity. Sanitation is appalling also due to lack of running water and sewerage. Heating is also missing and more than half of households suffer from cold permanently. Moreover, homes are overcrowded and often two or more families/people share one room. Furthermore, a significant part of the population in urban slums has lived on the streets mostly due to all forms of violence and quarrels aggravated by overcrowded homes.

Empirical research⁵³ indicates that such areas of social exclusion can be identified in every Romanian town. They started to emerge in rural communities too, but in urban areas proximities marked by extreme poverty and social exclusion are much more advanced. These areas are classified based on several criteria and the most important types are: communities near landfills, semi-rural areas (houses at the outskirts of town), “old town” areas (old houses in the centre of the town), “ghetto” areas (former workers’ homes, uncertain legal status, crime-affected districts), brownfield sites (former apartment buildings built for workers in towns that used to depend on one factory), peri-rural areas (close to a village but with different spatial organisation), “autonomous” areas (belonging to a territorial administrative unit yet independent of it from a physical and community standpoint). These areas have not yet been nationally or regionally mapped.

For these areas, the interventions must be integrated, and improved living conditions must be combined with measures for increasing the economic involvement of the community and to upgrade basic services such as education and health.

(1) The first necessary measures are *to identify these areas at county and regional levels, and to classify them* by type of deprivation with a view to creating a national map to help get a territorial perspective of required interventions.

(2) (Physical and community) *Integration of segregated communities into the territorial-administrative unit* to which they belong.

(3) Current interventions of “cleansing” such areas involve only the *cooperation between local authorities, social services and the police* (or other law-enforcement agencies). Or, local authorities should also cooperate with other institutions from the field of health, education, culture, religion,

⁵³ Rughiniş (2000); Stănculescu and Berevoescu (coord., 2004); Sandu (2005); Berescu et al. (2006); Berescu et al. (2007); PCSDRA (2009); Stănculescu (coord., 2010); Botonogu (coord., 2011). The findings presented in the text are confirmed by all these studies, with some statistical differences according to the researched area(s).

social assistance or non-governmental organisations. At the same time, working together with residents could make them responsible and create local action initiatives based on civic engagement and ownership and involve in public life.

(4) Since current interventions are centred on catching offenders, actions are always hasty and force-based, often destroying the few goods occupants have. But not all the people who live in pockets of poverty are criminals. Such actions violate human rights and entitle all slum residents to feel like “second-class citizens”. Much more efficient (though in the medium and long run) would be *to consider slum residents potential partners for discussion*, who can be helped to organise themselves and to express/negotiate their problems.

(5) *The legal status of houses should be quickly clarified* and people supported/encouraged to legalise their situation (from identity documents to housing documents). Even if authorities don't have funds for fixing the respective dwellings, they can get actively involved in settling various litigations about rents and public utilities.

(6) First and foremost, *children need support*. Hence, it would be most welcome to set up community-based day care services/centres for children living in these areas of extreme poverty. Given parents' income, employment and education/qualification, these services would have multiple positive effects. On the one hand, they would offer children at least one hot meal a day, heating and school supplies. On the other hand, they would provide homework support, something that parents are not able to offer. In addition, day care centres kinder gardens carry out activities that have a major impact on children, from access to books (which are missing in poor areas) to courses of personal hygiene, computer use, information about threats (for example, human trafficking) and opportunities, foreign languages, free camps, sports or art classes. All these would sensibly expand children's horizons and increase their chances to succeed in life. Through these children, the current pockets of poverty in Romanian towns would have more chances to change.

Vulnerable groups

According to the legal norms and the economic or social dimension it regulates, the persons or groups identified as being in need or at risk of marginalisation or social exclusion include: children, children in institutions, youth, young people over 18 leaving public child care, dependent elderly who are poor or without family support, teenage mothers, poor rural citizens, the poor Roma, single-parent families, poor families with more than two children, people with disabilities, the jobless, income-less or low-income people, drug, alcohol or substance addicts, people infected or living with HIV/AIDS, people leaving prison, criminals and ex-offenders, persons affected by domestic violence, victims of human trafficking, immigrants, refugees, asylum seekers, homeless people, street children, persons with chronic or incurable illnesses. All these groups have been targeted by many national strategies and plans. Nonetheless, they continue to face poverty and/or social exclusion.

The interventions in the field of social inclusion of the vulnerable people, groups and communities, including Roma population, people with disabilities and elderly dependent people should be focused on CLLD approach and the transition from institutional care to community-based services.

The investments aimed at promoting social inclusion should be focused mainly on supporting, through different incentives, the members of vulnerable groups in order to get them out of the poverty zone, and less on the system dealing with these issues. However, investments, to a certain extent, for training the personnel involved in providing social services, drafting operational working procedures and enhancing the ICT infrastructure in the field are needed. Efficient and effective human resources will ensure good quality services for the beneficiaries of the system as well as long term results in managing and combating social exclusion.

The situation for the groups at greatest risk of poverty and social exclusion can be summarised as follows:

A. Children, such as:

- *Children and youth from poor families* - Some 320,000 children (0-17 years) were living in extreme poverty in 2010. Children in rural areas and Roma children are the most affected. The urban child poverty rate in 2010 was only 3.5% but in rural areas was 12.4%. Rates are significantly higher for Roma children: 27.3% for Roma children in urban areas, compared with 2% for Romanian children, and 41.1% compared to 10.6% in rural areas.

- *Children with parents working abroad* - At the end of 2011 there were 83,658 children in this situation. These children are generally well-off. They are sometimes vulnerable to monetary poverty and continually suffer from emotional poverty that harms their development. Lack of parental care and supervision has serious effects on the personality development, the quality of nutrition and school results, some of them being likely to drop out.

Local authorities lack human and material resources to address the phenomenon. They don't have appropriate mechanisms in place to monitor and evaluate it, let alone do they manage to develop community-based services. Where such services exist, they are confronted with poor staff training and practices.

- *Children separated from their families* - those in (residential or family-based) child care institutions, abandoned children and young people leaving child care at the age of 18.

Romania has made significant progress with regard to the right of children to grow up in a family, by reducing the number of children in placement centres and by developing family-based services. The number of children in residential care – public and private placement centres – has dropped more than twice (from a peak of 57,181 in December 2000 to 23,240 in December 2011). Still, at the end of 2011, for the first time in the past 15 years, the number of institutionalised children increased⁵⁴, this being a consequence of various social unbalances that are existing at family and community level.

Law on the protection and promotion of children's rights, passed in 2004, focuses on the fulfilment of every child's rights and recognises the need for family support through community-based services developed to prevent child abandonment, abuse and neglect. But, after almost four years, the *National Strategy for Child Rights Protection and Promotion 2008-2013* recognises that "primary services are practically inexistent at community level (according to the law, these were supposed to be developed as part of the welfare system), the network of specialised services is still underdeveloped, and the capacity of competent institutions to intervene when child rights are violated is scarce." Furthermore, in 2009, in relation to the application of the UN Convention on the Rights of the Child in Romania, the observations of the UN Committee referred to feeble enforcement of applicable laws and lack of resources for decentralised public institutions to adequately fulfil their mandate (Recommendation 7).

B. Roma people at risk of poverty and social exclusion

Two-thirds of Roma live in poverty and half of them are exposed to extreme poverty. While 619,000 people (3.2% of the population according to preliminary census results) have declared themselves Roma, the parallel analyses conducted by various social national or international actors are concluding that the real number of Roma is much higher. Early school leaving from education is a major cause of poverty among the Roma population. Reduced level of education, combined with discrimination, leads to large differences in labour market outcomes and in extremely low productivity rates. 38% work as unskilled, 32% skilled occupations (workers, vendors, traders), 9% are workers in agriculture and 13% traditional Roma occupations. Roma girls face disproportionately high risks of early school leaving and early motherhood. Another problem for the

⁵⁴ MLFSP, GDCP (2011), *Statistical Bulletin as of 31 December 2011. The number of institutionalised children – 23,240 in 2011 in comparison with 23,103 in 2010* (p.1).

Roma people is that they are not eligible for certificated vocational training courses because they have not completed compulsory education.

In the field of education, the gap between Roma and non-Roma continues to be an impediment to the development of social capital among the Roma. Over half of Roma are still under the minimum required, compulsory level of education. Regarding the participation of children in the compulsory school system, 82.4% of Roma children attend school, while 6.9% had interrupted their education at the moment of the data collection and 8.9% have never been enrolled in the education system. 85.7% of the parents whose children have interrupted their education declare that the reason for school drop-out is due to poverty-related factors (lack of resources for the collateral costs of education, or the necessity for the child to partake in income generating activities for the household), and only 14% declared that school drop-out is due to the lack of importance of education. The situation of the children who have never been enrolled in school is explained by the parents in terms of lack of resources (either they lacked the resources for clothing and shoes – 69.2%, or the children had to get involved in income generating activities – 7.7%, or had to participate in primary care for their younger siblings – 7.7%).

Policies in employment will have to focus on developing social capital and providing incentives, so that Romanian economy will make good use of the young unemployed work force provided by the Roma. At the same time, increasing the educational capital should continue to be a priority. Having in mind the positive influence which the formal employment of Roma women can have on the development of the minority, increasing their participation on the labour market should definitely be a policy priority. For the time being both World Bank and EC are conducting impact and assessment studies which, when revealed, are expected to provide consistent data's on how social inequality is spread throughout the Roma communities in Romania and also how the financial cycle 2007 – 2013 had had an impact on the well-being ethnic Roma. As results are expected for the end of 2013 they will further contribute to the fine tuning of defining investment priorities of FESI 2014 – 2020. The first results of the World Bank study on Roma, financed with TA funds by the MA OPHRD were made available and subjected to public consultations in September 2013.

By completing the process of revising the National Roma Integration Strategy, the local and central Romanian authorities emphasise their political commitment for achieving a change in ethnic Roma's living standards. Among the steps that are to be taken, few are predefined requirements for a further proper and efficient use of ESI Funds 2014 – 2020 in the field of social inclusion of Roma:

- Better coordination among various stakeholders with institutional and administrative responsibilities' in addressing social inclusion of Roma;
- Improved complementarity between administrative layers (ex: local vs central administration);
- A correlation between local action plans for Roma inclusion and specificities underlined in National Roma Inclusion Strategy;
- A more consistent and efficiently allocated financial resource by local authorities through local/communities budgets;
- An improved and more strategically approached cooperation with Roma civil society at local level;
- A better understanding of what is defined and generally used as Roma communities.

C. People with disabilities

According to statistical figures provided by the Directorate for the Protection of Persons with Disabilities⁵⁵, in 30 June 2013, the number of people with disabilities in Romania was 700,736, with a ratio of 3.71 persons with disabilities per 100 inhabitants. Out of them, 61,043 (8.7%) are children under 18 and 639,693 are adults (91.3%). Of all persons with disabilities, 622,892 (88.89%) are in

⁵⁵ MLFSP, DPPD (2012) *Trends in the Protection of Persons with Disabilities as of 30 June 2012*.

the care of their families and/or are living an independent life. The rest of persons with disabilities, respectively 16,801 live in public social assistance specialised residential care institutions.

Persons with disabilities are confronted with limited access to health, social and employment services because, usually these are not adjusted to their special needs, including to physical disabilities, or their financial capacity.

Community-based prevention, identification and early intervention services are underdeveloped, especially in rural areas. Health care and rehabilitative services are hard to access and not always of good quality, they rarely consider the needs of persons with disabilities and they are costly especially for at-risk groups. Persons with disabilities, mostly those with walking difficulties, from rural areas and/or poor, have limited access to quality health care, including to routine medical treatment, which leads to health inequalities which are not associated with the disability.

D. Lone elderly

People aged 65 years and older who live alone, account for 4.2% of the population and are considered a vulnerable group, especially in terms of access to health care services. The risk of poverty among this segment of the population has decreased significantly since 2007 (when it was recorded at a rate of 44%), mainly due to the increase of pensions in 2008 and the introduction of social pensions in 2009. In Romania the majority of dependent elderly are in the care of their family, and most caregivers are women – wives or daughters.

Regarding the social services for elderly, according to the National Electronically Registry of Social Services data form 01.10.2012, there were registered 181 residential care services, with an average of 8132 beneficiaries; 66 day centres and 307 home care units. Elderly people living alone need to be included among eligible target groups for accessing European funds. The needs of this group are related to *the development of residential care services* (nursing homes, residential /rest centres, day care centres), *of medical care services, and of home-based social services for dependent people*.

E. Single parent families at risk of poverty or social exclusion

A number of 55% of single parents live in urban areas (83% women with children compared with 17% male sole providers) are in most cases of Romanian ethnicity. Most single parents have a medium-low level of education, but their need to provide, results in a relatively high rate of employment (64 %). For many, incomes are low. For single parents who work, balance between work and family life, especially child supervision and support necessary for school are vital issues.

F. Persons affected by domestic violence, human trafficking and drugs consumption

Concerning domestic violence, whilst national sociological research⁵⁶ estimates that over 1.2 million women in Romania fall victims to violence each year, less than 1% of them enter official statistics by filing charges against their perpetrator. For the entire period of 2004-2011, official statistics talk about a number of approximately 82,000 cases of domestic violence (and 800 deaths), yet sociological studies⁵⁷ estimate a lifetime incidence of nearly 20% in women. Over 2003-2008, trends were discouraging as violence got to a higher scale.⁵⁸

Although it doesn't seem to be more common than in the other EU Members States, in Romania domestic violence is different in nature. Thus, it is triggered by the following significant factors: alcoholism, poverty, socialisation in a violent environment and patriarchal family pattern.

As it regards the persons victims of human trafficking, reports⁵⁹ of the National Agency against Trafficking in Persons (NATP) indicate that in 2010, for the first time since 2005, human trafficking in

⁵⁶ NILM (2008) National survey conducted by CURS in 2008 as part of the CEEEX project No 8687/2006 National Survey on Domestic Violence in Romania and Evaluation of Forensic, Legal and Sociological Characteristics: New Types of Support and Action from a European Integration Perspective, 2006-2008.

⁵⁷ Gallup Organization (2003) Survey on Violence Against Women in Bucharest; national CURS survey conducted in 2008, as part of the CEEEX project No 8687/2006, coordinated by NILM.

⁵⁸ Comparison between the data of IMAS national survey from 2003 (CPE, 2003) and CURS national survey from 2008 (NILM, 2008).

⁵⁹ NATP (2010, 2011, 2012). Analyses based on data entered in the Integrated Human Trafficking Victim Registration and Monitoring System.

all its forms reported a rising trend (to 1,154 victims from 780 victims in 2009). The total number of victims identified in the first half of 2011 stays on the same upward curve. This trend is the result of the economic crisis, which has reduced the quality of life and pushed people affected by job loss to take greater risks. It is also the result of public policies applied to combat trafficking mainly by providing appropriate training to experts in human trafficking identification, investigation and prevention.

Women are more vulnerable to trafficking in human beings than men. The young age (mainly 14-26 years), average education (lower secondary, vocational or high school), and lack of material and financial means to ensure a decent living are triggering factors for exploitation and trafficking.

Child trafficking claims 27% of all victims, with rising shares since 2008. The critical age for becoming child trafficking victims is adolescence, 14-17 years, which is characterised by: desire for independence, show-off, naiveté and lack of life experience.

Regarding drug users, according to National Anti-Drug Agency reports, with reduced services that provide specific support to problematic users (syringe exchange programmes), drug use-associated risks are growing, in particular among young people, due to an emerging and spreading multiuse pattern and of injecting NPAS use. The number of drug users infected with HIV, HCV and HBV has increased. The total number of treatment admissions for illicit drug and new psychoactive substance use has taken on an upward trend in recent years, exceeding in 2010 (3,134) the record high (2,163) reached in 2001. Of all patients ending up in the emergency room for psychoactive substance use in 2010, young people under 24 accounted for 57.7%. NPA data show that between 2001 and 2010, the number of prisoners who declared they were drug users upon imprisonment doubled (from 1,065 to 2,043) though the number of detained individuals halved. In 2009, the lifetime prevalence of illegal drug use was 10.7% among 12th graders.⁶⁰ Drug use is 2.5 more frequent in boys than in girls. At regional level, young people from the poorest regions of the country (Northeast and Southeast) have the highest risk of taking up this risk behaviour.

F. Persons deprived or formerly deprived of liberty and persons on probation

According to the National Administration of Penitentiaries (NAP) data at the end of 2012 there were a total of 31,817 persons deprived of liberty were in detention facilities countrywide and 2120 children and young people were in the specialised prisons, 165 were in the three juvenile detention centres.

In regard to adult imprisonment, the 2011 NPA figures indicate that most persons deprived of liberty have a final conviction (89%), the majority of them being sentenced to 1-5 years. Detainees under 21 account for approximately 7% of the total and dominant age groups are 22-30 years (36%) and 31-40 years (33%). Correlated, less than a quarter (23%) of detainees finished a professional qualification course before detention, with most of them holding jobs as workers and personal service providers.

Resources are insufficient to ensure that all persons deprived of liberty and those who have served custodial sentences are involved in rehabilitative actions as well as to increase the quality of activities that are carried out in penitentiaries.

As national figures are going up and alternatives to detention are encouraged at European level, projects with inclusive objectives implemented in partnership by probation services, the (local or central) government and the civil society can be part of the solution for addressing the main obstacles to social inclusion for people on probation which include: discrimination, especially on the labour market, as a consequence of their criminal record; illiteracy or poor education, lack of professional training that facilitates access to the job market; employers' preference for informal work and therefore lack of access to social security and health insurance; lack of a concerted inter-

⁶⁰ NADA (2010) based on the national survey 2009 Adolescence Barometer. Attitudes and Lifestyles among 12th Graders, conducted by the School of Political Sciences of NSPAS.

agency approach to the problems faced by convicted persons; insufficient services (including poor representation of the civil society among service providers) in some counties or even regions. Beside the key specific problems identified in each group, a series of **common issues** that affect the circumstances of all vulnerable people in Romania can be revealed:

- underfinanced social protection system;
- shortage of human resources;
- low professionalization of human resources;
- low wages in the social protection system;
- poor development and uneven geographical coverage of social services in general;
- underdeveloped services of prevention, identification, early intervention, and referral systems;
- underdeveloped services at community level and limited involvement from local stakeholders;
- inconsistent implementation and lack of financial sustainability correlated with a planned regional approach;
- disproportionate share of power and decision taken among local stakeholders.

The vulnerable groups living in Romania were identified through the socio-economic analyses elaborated by the MLFSPE during the programming process for the next financing period, based on statistics and recent studies performed in the field. Some of the vulnerable groups are described above in order to underline their needs.

A prioritization of the vulnerable groups would lead to the following main categories:

- **children** from poor families or separated from their families (institutionalized and deprived of liberty or with parents working abroad), on probation this leading to a low level of education with bad consequences for their social and labour market integration as adults and **young people** leaving the public childcare system, including Roma people;
- **elderly people** that are dependent, poor and/or without family support, including Roma people;
- **people with disabilities** living in residential centres or in their own families and those with a low degree of disability, partially integrated in the society, not having sufficient access to labour market and other basic services, including Roma people;
- **people with very low or no income** living in rural communities or city peripheries and **homeless people**, including Roma people;
- **persons suffering from addictions of alcohol, drugs or other substances**, those affected by domestic violence, human trafficking and persons deprived of liberty or on probation, including Roma people.

The prioritization of the vulnerable groups was based on the following principles:

- the results revealed from different credible sources⁶¹
- the demographic aging trend
- the limited access to health, social and employment services which are not adjusted to the special needs of people with disabilities;
- the high rate of population in risk of poverty and social exclusion (40.3% in 2011 which represents about 2/3 more than the EU average)
- the limited access to social, health and rehabilitation/reintegration services for sensitive vulnerable groups that are difficult to be identified, such as: victims of domestic violence and human trafficking, drugs users and persons deprived of liberty or on probation.

Deinstitutionalization

⁶¹ According to these studies, children are the most vulnerable group affected of poverty: UNICEF (8% - extreme poverty), OvidiuRo Association (20% - conservatory estimation for rural and semi-urban communities, according to the mayor's office applying on "Every child at the Kinder garden" Program), EUROSTAT(49,1% - children at risk of poverty and social exclusion), Luxemburg Study* (78% - children living in material deprivation)

In Romania, there are 22,798 children in institutions (by the end of 2012). Romania has made significant progress by reducing the number of children in placement centres and by developing family-based services. The number of children in residential care – public and private placement centres – was divided by two in the past 13 years (from a peak of 57,181 in December 2000 to 22,798 in December 2012). Still, at the end of 2011, for the first time in the past 15 years, the number of institutionalized children increased⁶² as a consequence economic crisis that increased poverty and decreased the budget for family-based services. At the end of 2012, there were 63,448 children in public care, out of which 36% were in residential care.

Geographical distribution: Number of children in public care by end of 2012 was higher in Nord-East region (14,070), followed by the Centre (8,317), South-East (8,068) and Bucharest-Ilfov (4,355).

Type of centres: At 31 December 2012, there were 1,210 public residential services and 356 private services providers. These services include: classic residential centres (120), modulated residential centres (102), apartments (444), family-type home (701), maternal centres (65), emergency reception centres (63), other services (such as services for independent life, day and night shelters: 61). A number of 387 residential services are for children with disabilities. The number of children with disabilities protected in these services was of 8,511 at the end of 2012.⁶³

At the end of 2012, there were only 17,746 children benefiting from day care centres and 28,044 children benefitting from other services for the prevention of child relinquishment and abandonment. In total, 45,790 children and mothers were benefiting from counselling and support services for parents, family planning services, pre-natal monitoring services, etc. provided in day care centres and other preventive services.

Adults with disabilities. In 2012, 2.5% from the total number of people with disabilities (697,169) are assisted in public care institutions, such as centres for care and assistance. The number of public institutions for adults with disabilities at 31 December 2012 was of 398 (compared to 382 the same period in 2011) out of which: 336 residential institutions (compared to 324 in 2011) and 62 non-residential, such as day care (compared to 58 in 2011). One third of the residential institutions are centres for care and assistance with 6,559 beneficiaries (37.69% out of the total number of persons in residential care, 17,404). A significant number of beneficiaries are as well in 52 neuropsychiatric rehabilitation and recuperation centres, respectively 5,459 persons.⁶⁴

The social economy

Social economy initiatives have proven effective in supporting unemployed or disadvantaged groups and their inclusion in the labour market. Pillars of the social economy in Romania are: (1) cooperatives and credit unions, (2) associations and foundations, (3) mutual aid entities and (4) other categories of legal persons.

In 2010, there were more than 31,000 social economy organizations in Romania with capital amounting to about 10 bn RON (equivalent to €2.5 bn), achieving annual revenues of 7.7 bn RON (about €2 bn). Most have proven financially resilient during the recession. The social economy employed over 100,000 people at end of 2010, representing 1.1% of all employment and about 1.7% of salaried employment in Romania. Nevertheless, many legal and practical impediments stop effective development of the social economy, notably lack of legal framework at EU and national level; limited knowledge about social entrepreneurship; and constrained access to finance.

Consumption cooperative societies and handicraft are the dominant forms of cooperation and economic rates of return lower than the other entities of social economy. Most consumption cooperatives (74%) operate in rural areas, being the main supplier of services to the rural population since the communist period. Instead, almost all handicraft cooperatives (over 99%) are

⁶² MLFSP, GDCP (2011), Statistical Bulletin as of 31 December 2011. The number of institutionalised children – 23,240 in 2011 in comparison with 23,103 in 2010 (p.1).

⁶³ http://www.mmuncii.ro/j3/images/buletin_statistic/statistica%20copii%20%2031.12.2012.pdf

⁶⁴ http://www.mmuncii.ro/j3/images/buletin_statistic/DGPH%20anul%202012.pdf

located in urban areas. Both are distributed in all regions, with higher percentages in the regions of the North-East, South-Muntenia, South West and West. In the poorest region of the country (North-East) are most consumption cooperatives and craft.

The number of employees from cooperative societies decreased massively, ranging from about 119 000 in 2000 to 38,000 in 2010. As a result, the average size of these units has been significantly reduced. The share of cooperatives ended fiscal year 2010 with a profit decreased to 57% of the craft, respectively 55% of the consumption cooperatives.

The **credit cooperatives** are a category of non-banking financial institutions that provide credit to low-complexity, mostly to individuals in rural areas. However, the share of credit cooperatives located in the rural areas went from 41% to just 8% between 2000 and 2010. Most of these organizations are located in the North-West and North-East and the fewest in Bucharest-Ilfov.

NGOs represent the most developed sector of the social economy. Currently, NGOs are registered in the register of over 75,500 associations and foundations. In 2010 there were 26,322 active NGOs, of which 2,730 had economic activity.

Agricultural associations, communities and compossessorates are the main component of rural social economy and relatively high economic rates of return. Agricultural associations and community/ compossessorates represent about 10% of all associations and foundations in Romania, but generate 30% of their economic income, with around 7% of total staff of these organizations. From the territorial point of view, agricultural associations and public / compossessorates majority in rural areas, with higher rates high in the Centre, South East (agricultural associations), West and West Node (communities).

A survey in 2011 showed that these associative forms contribute to the community to which they belong by: providing services to members of the community (69% of agricultural associations and 54% of rural communities / co-owners), organizing and / or participating in events at locally. Communities and agricultural associations in the management of public goods and can capitalize these assets and create jobs in rural areas through social enterprises.

Credit Unions for pensioners (CARP) and for employees (CARS) are the social economy entities with the highest rates of economic return.

The number of unions, after a steady increase during 2000-2009, declined slightly in 2010, due to the drastic reduction of the number of employees in 2009-2010. According to NIS, in 2010, there were 887 active CAR's (who filed balance sheet), more than three quarters of the unions for employees.

Credit unions that operate in rural areas are only 2 of CARP % and 5% of CARS (2010) and the spread across the country is rather uniform.

Authorized protected units (APU), administered either by NGOs or commercial companies, being a public or private economic operator with its own management, in which at least 30% of the total number of employees with individual contracts work are disabled.

In 2011 there were a total of 489 units in Romania which employed 1,370 protected persons with disabilities. APU are unevenly distributed at the territorial level: 19% of protected units operating in Bucharest (92 APU); in Cluj, Timis and Constanta counties operate between 21 and 32 APU, in most counties operate not more than 5 APU; in Giurgiu, Calarasi and Mehedinti counties there is no protected unit⁶⁵.

Social responsibility

Accordingly to the international efforts, such as those of the United Nations, EU and Organisation for Economic Co-operation and Development, the Romanian Government approved the *National Strategy to Promote the Social Responsibility 2011 – 2016*⁶⁶, to elaborate a framework to define the

⁶⁵ AEDU (2011) Social economy – a HRD project: stakeholders involved, development stage, regulations, implementation mechanism

⁶⁶ In the social area, social responsibility takes into account the following: safety and health of the employees, tackling the social ethic issues, preventing and combating corruption, civil protection, gender equality and integration and providing career opportunities for disadvantaged groups.

concept of social responsibility⁶⁷ acknowledging that the reduction of poverty is an issue of ethics and responsibility. Ministry of Labour, Family, Social Protection and Elderly supported the implementation for the first SOPHRD financed projects. Social inclusion must be pursued in full agreement with the principles of social responsibility and European best practices in the field of sustainable development of the human capital.

Health

Post-communist Romania has inherited substantial development gaps, including in health, and health sector's performance maintained suboptimal, including even after accession in the EU. A limited and rather punctual progress has been achieved since 2007 mainly as a consequence of the recent economic crisis. According to the Euro Health Consumer Index (EHCI), Romania ranked 32nd out of 34 European countries in 2012, lagging behind countries like Croatia, Macedonia and Albania. The EHCI-measured performance gap occurs mainly on the account of patient rights and information, medical outcomes and prevention services (range and reach). Not specifically reflected by this index however are the access-related challenges for the socio-economically, ethnic and geographically vulnerable groups which constitute the priority groups envisaged by the 2020 health strategy. While poverty prevalence grew in Romania since 2009, some of the population sub-groups most affected by extreme poverty in 2010 were Roma children (27, 3%), children living in rural areas (12, 4%), but also women-led households (5.8%).

The prevalence of cases addressed by the hospital sector in Romania, including emergency departments is represented largely by vulnerable groups such as elderly, children and Roma. More specifically, over 72% of cases admitted in hospital care in 2012 were represented by two vulnerable groups, namely elderly and children/youth under 18. More so, the percentage of patients admitted in hospitals that have only upper secondary education (high school) education was 75% in 2012, according to the latest data provided by the National School of Public Health and Management.

Health expenditures in Romania are the lowest among EU27 countries (about 310 Euros per inhabitant in 2009, of which 245 Euros per inhabitant funded from the consolidated budget) and about two times smaller than the EU27 average. Meanwhile, GDP per capita, that increased from 5,500 to 6,200 Euro during 2009-2012, is about four-folds lower than the EU27 average (25,600 Euro in 2012). Public healthcare spending represented 4.41% of the GDP in 2009, with a tendency to ameliorate up to 4.51% of GDP under the budget for the year 2013.

Among the most relevant reasons for Romania's shortcomings in responding to the requirements of a modern society in the public health domain are: limited strategic planning and administrative capacity at national and sub-national levels, suboptimal infrastructure (health facilities, equipment, and ICT use), insufficiency of qualified human resources in several important health specialties, over-reliance on tertiary care and curative services to the detriment of the community-based health services, including primary care and preventive interventions, chronic sub-financing and sub-optimal resource allocation.

The recent National Health Evaluation Programme carried out by the Ministry of Health showcased the need for primary care and preventive services but also for services addressing the top five pathologies that are responsible for the 86% of the morbidity in Romania. The analysis also shows a negative correlation between the level of education and morbidity, as the highest number of cases of coronary artery disease (CAD) for example – the most common type of heart disease and cause

For this purpose, one of the courses of actions proposed by the National Strategy for the Promotion of Social Responsibility 2011-2016 aimed at the recruitment of personal from disadvantaged groups and at their training.

⁶⁷ CE (2011) A renewed EU strategy 2011-14 for Corporate Social Responsibility, p. 6. The European strategic documents define the social responsibility as being the responsibility of the public and private organizations regarding the impact of the own decisions and actions on the direct beneficiaries, communities and in general on the society. The social responsibility is closely linked with the sustainable development, meaning that regards the social, economic and environmental objectives, which are common for all people.

of heart attacks – are recorded amongst the patients with lower level education and vulnerable groups.

Whilst there is clear evidence of the need for primary health services at community level, the poor allocative efficiency of resources has a direct impact on the overall health budget, with the most severe impact on the services provided to the vulnerable groups. One noticeable example is registered in the North-Eastern region (the third poorest NUTS II region in the EU), where eight, below-average income, counties are served by a single university hospital, currently located in 25 separate buildings in the city of Iasi. These type of old structures not only do not meet the EU standards, are energy inefficient and require the duplication of human and material resources but also lack many basic specialties needed for an integrated approach to patients with polytrauma and critical complex cases, thus potentially increasing the risk of inducing vulnerability amongst the beneficiaries of such services.

From the point of view of the use of ICT, the most pressing demands in the health sector include digitisation of medical records to help speed up and improve the quality of diagnosis, use of anonymised personal data to facilitate medical research and development of telemedicine systems, which have potential to overcome Romania's overdependence on in-patient care and to better coordinate capacity. An emergency telemedicine system was piloted in Romania in Targu Mures 2009 and has more recently been extended to Bucharest and Moldova. From 2012 a telemedicine system has been introduced in the Danube Delta, in order to improve access to quality medical services in isolated areas .

Cultural services

Beside the social services and health, the cultural services have the quality of "pure public goods" with a great impact on social inclusion. But the market is unlikely to deliver them at a socially optimal level in the absence of public provision. The application of the ICTs in the culture is a clear necessity which could have potential to improve the quality and efficiency of cultural services provided to citizens.

Under the Digital Agenda, Romania has a target to contribute 750,000 items to the European Digital Library, which was only 4.6% met in 2011. Romania's cultural assets and its considerable contribution to the arts and science are generally unrecognised nationally and on the international stage. Investment in e-culture has potential to enrich Romanian education and tourism promotion, to improve public access to cultural resources and to stimulate the creative digital sector by creating a new market for digital and multimedia services.

Rural infrastructure

A significant challenge which has to be addressed in order to promote social inclusion, and local economic development in general is infrastructure. In rural areas, local roads have a key role in ensuring access to national communication paths and, therefore, the main economic, social and cultural centres of the country and the objectives of local interest.

Even if in the recent years, the basic infrastructure in rural areas (roads, water supply and sewerage infrastructure) was supported both by national and EU funds, it is still underdeveloped, hampering the economic growth and employment and has a negative impact on quality of life of the rural population.

Sustainable economic and social development of the rural areas is critically dependent on improving the existing rural infrastructure and basic services. Looking to the future, rural areas need to position themselves to compete effectively for investment while providing adequate community life standards and related social services for the local population.

Main development needs

Informed by the findings of the analysis of Development Challenges and the SWOT Analysis (*Annex I*), the identified development needs are also matching the objectives and the aims of three key

strategic documents with effects and consequences in the field of reducing poverty and promoting social inclusion, which are *The National Strategy old aged persons and active ageing 2014-2020*, *the Strategy regarding the promotion of social inclusion and combating poverty 2014-2020* and *The National Roma Integration Strategy 2012-2020*.

According to the necessity of the identified problems, the main development needs in the field of Social Inclusion and Combating Poverty are:

- ***Making Roma inclusion a macroeconomic necessity at central and local level by designing concrete policies in the field of education, housing, employability and health for improving Roma's welfare and labor market opportunities***
- ***Improving the quality of social services***
- ***Implementing integrated measures to reduce the poverty rate and the risk of social exclusion of the abovementioned vulnerable groups***
- ***Improving the access to healthcare and social services***, particularly in Romania's less developed regions and rural areas.
- ***Creating the necessary mechanism for having the local authority as the main actor in eradicating poverty and its consequences at local level***
- ***Transition from institutional care to community-based services, including infrastructural support for integrated community care centres***
- ***Promoting the social economy development and supporting social economy entities***
- ***Improve the quality of health services provided to the general population and vulnerable groups in particular***, by enhancing the quality and quantity of the health infrastructure, aligning them better with the health needs of the population and replacing the segmented structure inherited from the communist era with equitable, affordable, quality, efficiently networked, and sustainable evidence-based health services.
- ***Address the top five pathologies that are responsible for 86% of the morbidity in Romania*** through preventive and curative programmes.
- ***Support for development of ICT in health, social assistance and culture***
- ***Improve the quality of life and attractiveness of rural settlements, including fisheries areas***

EDUCATION AND TRAINING

General

The Law of Education (no.1/2011) created a new framework for major reform initiatives in all key areas of the system, placing an important role to building up the administrative capacity and policy making, promoting effective quality assurance mechanisms and improving the skills and competences of graduates for the labour market (LM) needs. However, this major reform that set a long-term agenda for upgrading the quality of education at all levels is not yet fully operational.

The main issues concerning education, training and life long learning (LLL) sector, which were also highlighted in the *Country Specific Recommendations*, are related to the quality of education and training and its relevance for LM needs, and, in the same time, for the individual needs. Important challenges that have to be addressed relate to school enrollment and attendance in early education, pre-school and compulsory education, participation to tertiary education and to LLL and creating a modern educational infrastructure and teaching equipment to ensure the effectiveness and sustainability of education and training.

Also, in the context of the Europe 2020 Strategy, the National Reform Programme (NRP) emphasizes the important role of the educational reforms and correlates the targets in this field with the overall national priorities promoted by the Law of Education. Thus, the national targets assumed by Romania are to reduce the rate of early school leaving to 11.3% and to increase to 26.7% the proportion of people aged 30-34 years with tertiary education.

Regarding the early school leaving (ESL), according to the NIS, for 2012 the rate was 17.4%, significantly below EU average ESL rate (12.8%). The rate remains high against the NRP assumed target of 11.3% for 2020, Romania being among the countries with a less ambitious target for 2020, with no progress compared to 2007 (17.3%) and 2011 (17.5%). The share of early school leavers from rural and remote areas with a disadvantaged socio-economic background, and also Roma population, is significant, therefore the attention will focus mainly on these groups at risk of ESL.

The share of population aged 30-34 years with tertiary education level recorded in the past years has substantially increased, ranging from 13.7% in 2007 to 21.8% in 2012, but significantly below EU27 average of 35.8%. Regarding gender difference in tertiary educational attainment level, in 2012, in Romania there were 113 women for every 100 men in the age group of 30-34 years old, comparative with EU27 level of 127 women. It is noticeable that Romania has already surpassed the intermediary target of 21.3% proposed for the year 2014. However, in comparison with the EU 2020 target (40%) and the other EU countries, Romania (with the assumed target of 26.7%) will continue to have one of the lowest shares of population aged 30-34 with tertiary education level or equivalent.

Another indicator, closely link to the education and training and the LM, increasing *the participation in LLL* up to 10% was set up as a target in NRP. Between 2007 and 2011, Romania has not made significant progress regarding participation of adults aged 25-64 to LLL, the indicator recording a slight increase from 1.3% in 2007 to 1.6% in 2011, significantly below EU27 average of 8.9%. The gap between this rate and the one set by Romania for 2020 remains high and even higher compared with EU target, 15% according to "ET 2020".

Objective 2020	UE 27 targets (%)	Romania assumed targets through National Reform Program (%)	Romania current situation (2012) (%)
Early school leaving	10	11.3	17.4
Tertiary education	40	26.7	21.8
Country Specific Recommendations: <ul style="list-style-type: none"> - to speed up the education reform, including the building up of administrative capacity at both central and local level and evaluating the impact; - to step up the reforms in VET; - to align tertiary education with the needs of the LM and to improve the access for disadvantaged people; - to implement a national strategy on ESL focusing on better access to quality early childhood education, including for Roma children. 			

Analisis

Quality of education and students basic skills achievements

A successful transition from school to work or tertiary education entails improving the educational experience and performance of pupils and students in school, especially of those enrolled in initial VET. The World Bank assesses the average Romanian 15 year-old to be one year behind his peers across Europe in science, two years in maths and three years in reading and comprehension. According to OECD (PISA 2006 & PISA 2009), Romania reading literacy score in PISA 2009 was ranked as one of the lowest performing in EU countries. Over four in ten students (40.4%) achieved below Level 2 on the PISA reading proficiency scale compared to an EU25 average of 19.6%, meaning that a significant amount of students in Romania is estimated to have poor reading skills. Romania scores similarly low in mathematics and sciences. Almost half of the Romanian students (47%) achieved below Level 2 on the PISA mathematics in comparison to the EU25 average low achievers of 22.2%. In case of sciences, the percent of low achievers is slightly lower (41.4%) than in case of mathematics, but far from the EU25 average of 17.7%. However, compared to PISA 2006,

Romania is one of the EU countries with the strongest improvement registered in PISA 2009, with 13.1 p.p. decrease of low achievers in reading, 5.7 p.p. in math, and 5.5 p.p. in sciences. Even so, in the view of Europe 2020 target of less than 15% of low achievers in all three basic skills, Romania needs to make significant effort in the next years to reduce the present gaps.

According to PISA 2009, in Romania, as in other EU countries, the gender gap in reading and sciences is also significant, boys having higher share among low achievers compared to girls. Low scores in reading literacy, math and sciences in Romania are also based on significant discrepancies between rural and urban schools, associated with the socio-economical discrepancies between those areas.

PISA results analyses in the national contexts (IEA 2012) pointed out the need for improvement of quality and effectiveness of school governance and management, curriculum and developing specific skills (like interpretation, applying and reflection on information in different life contexts). Different national programmes for piloting innovative models of teaching, learning and assessment of key skills in language and communication, mathematics and science, with the participation of researchers and teachers in further training programmes, are from this perspective a priority⁶⁸.

The low basic skills and competences of students in Romania measured by national and international assessments are also correlated with the general poor quality of education and its dependency on limited funding sources.

The expenditure on public and private educational institutions per pupil/student compared to GDP per capita, in 2009⁶⁹, in Romania was 21.6%, compared with EU27 average of 27.4% (the lowest level in EU27). However, simply investing more in education and training does not guarantee higher effectiveness, being necessary to implement reforms aiming at enhancing the quality. Therefore, the key to improve quality of education in the next years is highly depending not only on funding sources and investments in education, but also on a more efficient, coherent and evidence based policies with a better prioritization of educational targets, towards the development of basic and transversal skills and competences of all children, young people and adults, in a LLL perspective, with special focus on rural areas, disadvantaged communities, Roma and SEN population.

Rising the quality of education needs a system to collect sufficient evidence in order to develop targeted policies. Policy monitoring and evaluation systems should be also improved in order to better provide permanent feed-backs, on time corrections and an increased effectiveness of educational measures.

Enrolment and participation in early and preschool education

In 2011, only 2% of children aged 0-3 years were enrolled in nurseries, the overwhelming majority of children up to 3 years being under the family care or alternative care system. It is expected that the development of nurseries network in the next years to have a positive effect on the enrolment of children in early childhood education and care (ECEC), as a primary element in preventing ESL and low educational performance. As far as nurseries will provide quality services, this development will facilitate the integration on the LM of parents with young children, in particular of the mothers. The legal framework adopted in 2013 regarding the organization and the functions of nurseries requires in the next years new investments in institutional development and systematic initial and continuing training of staff for this level of education.

Despite the fact that participation in preschool education has been growing (the gross enrollment rate has increased steadily in 2007-2012, from 77.6% in 2007/2008 to 78.5% in 2011/2012), investments in institutional development of preschool education are still very low and affects particular categories of children. For example, according to *The Roma in Romania*⁷⁰, more than a

⁶⁸ IES, 2011; Education and Training Monitor 2012

⁶⁹ Source: Eurostat (UOE). Indicators on education finance. Note: compared to GDP per capita, all levels of education combined, based on full-time equivalents.

⁷⁰ Source: Study done by Agentia Impreuna, 2012

third of Roma children (38.5%) do not attend kindergarten, compared with the situation of preschool children from non-Roma households (13.3%).

At the national level, Romania registered a slight decrease in participation in ECEC of children between the age of 4 and the age for starting compulsory primary education (4-5), from 82.8% in 2008 to 82.1% in 2010 (significantly below EU27 average of 92.3%)⁷¹. With an Europe 2020 benchmark of 95% by 2020 at the EU level, Romania is one of the countries with the lowest share of children between 4-6 years enrolled in preschool education.

The main challenge towards 2020 is the need to increase participation in preschool education, especially for children in rural areas and for Roma children, so that Romania to be able to reduce the gap with the EU average and to approach the target of 95% for participation rate in preschool education. The newly implemented compulsory preparatory year in school is a premise for a better school integration of children with no kindergarten experience. Development areas are related to reducing disparities by area of residence, improving the quality of the system (in terms of infrastructure, training of teachers and governance) and implementing innovative programmes to ensure adequate preparation for the integration of children in school.

Enrolment and participation in primary and secondary education

Romania encounters difficulties with school enrollment and attendance in primary and secondary level. According to NIS data, non-enrollment in school is around 1.5-2% in the case of children at age 8, rising to 5-6% at age 10. Dropout rates are higher in the case of upper secondary level and in rural areas. The overall high school graduation rate was 79% in 2011, but there are important variations by region and by area of residence. According to *The Roma in Romania*, there is also a significant difference between Roma (8.9%) and non-Roma (36%) high school graduates, although the share of Roma high school graduates doubled in the last 14 years.

ESL is still a persistent issue in Romania, with significant high rates in the last 5 years against the Europe 2020 target. The economic recession has been accompanied by a rise in ESL, despite the programmes developed at national or local level. The trend is in particular observed in the case of males (from 16.1% in 2009 to 18.5% in 2011) while in the case of young women there was a slight reduction (from 17.2% in 2009 to 16.6% in 2011). In 2012, regarding gender difference in ESL⁷², there are 93 girls for every 100 boys who are early school leavers. There are considerable regional variations, with rates exceeding 20% in Central, South-East and South Muntenia Regions. However, high intra-regional disparities could be also observed, counties with lower economic development and high share of rural population being particularly affected. Children and young people from disadvantaged backgrounds, students from rural areas (especially boys in 11-14 age group), the Roma and those who have SEN are categories at highest risk. Low attractiveness of VET and the underdeveloped systems of educational and vocational guidance and counselling are additional causes for ESL phenomenon.

"Second chance" education programmes, developed within PHARE multiannual programme, provided a framework for systemic compensation measures targeting young adults failing to graduate primary or lower secondary levels of education. In the last years a relative increase of beneficiaries could be noticed from 3,361 beneficiaries in 2007/2008 to 9,108 beneficiaries in 2011/2012, mainly with national policy support. However, the development of this program is still limited at the national level, because of the low institutional capacity of disadvantaged schools to apply for ESF projects (the KAI 2.2. funds were only partially spent) and of the limited access of teachers to specific training programmes. The impact evaluation of the programme conducted in the PHARE, confirms the need for more flexibility of the programme, wider access and better adaptation of the learning methodologies to the specific learners needs.

⁷¹ Source: Eurostat (UOE), 2013

⁷² Source: Eurostat (EU LFS)

The education and training system could further support schools and other providers for multiplication of existing positive experiences and practices. In particular, there is a need for methodological support for teachers through adequate teacher training programmes, flexible schedule, and development of new learning resources for students, validation of prior learning in the area of basic skills and new career guidance and counselling programmes.

In order to ensure a sound programming of measures to reduce ESL, a specific comprehensive sectorial strategy⁷³, based on evidence, covering relevant educational sectors, will be elaborated in accordance with the needs identified in the socio-economic analysis. The strategy aims to strengthen the monitoring and evaluation system of ESL phenomenon and to propose an articulated framework of measures at national level, addressing specific target groups, based on a collection and good practices examples.

Enrolment and participation in initial VET (IVET)

In the context of restructuring the VET system in Romania and closing the schools of arts and trades starting with 2009, enrollment rates in VET have constantly decreased⁷⁴. The students from rural areas were mostly affected due to the fact that, in the absence of schools of arts and trades, the VET upper secondary school network is significantly less developed compared with the one in urban areas. At the same time, dropout rate in IVET is significantly higher compared with dropout in theoretical high school or in post-secondary school programmes. From this perspective, measures to enhance the attractiveness of VET, coupled with adequate counseling and educational and vocational guidance are a priority area for development. At the same time, the flexibility of access to post-secondary education and foremen school of people aged over 21 who already have professional experience could contribute significantly to reducing ESL at these levels.

Romania is a country with the lowest share of students participating in Leonardo da Vinci programmes (less than 0.2%) out of total number of students enrolled in IVET⁷⁵, showing a large gap of students mobility in VET compared to other EU countries.

Participation in tertiary education

In order to move towards the Europe 2020 target for Romania (26.7%), a priority for 2014-2020 is the enrollment of non-traditional students⁷⁶ in higher education programmes and provision of support for graduating their studies. In particular, people presently aged between 23 and 27 holding a baccalaureate diploma but not enrolled in an university programme are targeted, since they will be in the age group 30-34 in 2020 and could directly influence the EU target. In addition, students from rural areas, Roma students and students with SEN – currently under-represented in tertiary education – are a priority target. The universities themselves need to adapt educational programmes to the specific needs of these categories of students, as well as to develop appropriate teacher training programmes, in order to counter-balance the negative trend of enrollment in higher education from high school, which fell sharply from 53.6% in 2007/2008 to 35.2% in 2011/2012.

Despite the steps made in improving the national framework, legal as well as policy related, in the past years the higher education system as a whole has been confronted with a severe under-financing both for education and research activities, deeply affecting the universities capacity to undertake internal process of reform. A recent report⁷⁷ has pointed out that higher education has received only 1.4% of the GDP in 2010, in the following years having a declining trend. The universities have been able to compensate through other sources which are slowly, but constantly,

⁷³ Strategy to reduce ESL – see ex-ante conditionality

⁷⁴ Source: NIS, 2012

⁷⁵ Source: EC, Education and Training Monitor 2012

⁷⁶ Non-traditional students in context of Romania are adults with delayed enrolment in tertiary education (does not enter in university in the same calendar year that he or she finished high school)

⁷⁷ Source: The Report of the National Funding Council for Higher Education, April, 2013

depleting. Developing a new funding policy based on performance indicators, multiannual study grants have been stated as a priority but not yet systemically implemented.

Mobility of students to and from Romania is another challenge for an attractive and quality tertiary education. Percentage of Romanian citizens who were enrolled at university in another EU country increased during 2007-2010 from 4% in 2007 to 7% in 2010, but remains insignificant in comparison with the 2020 benchmark stipulating that by 2020 “at least 20% of higher education graduates should have had a period of higher education-related study or training (including work placements) abroad, representing a minimum of 15 ECTS credits or lasting a minimum of three months”. In parallel, the share of foreign students from other EU Member States remains also very low (0.2% in 2007 and 0.4% in 2010).

In the view of achieving the Europe 2020 target and developing a systematic approach of all the identified challenges in tertiary education, a national strategic policy framework, including a specific sectorial strategy⁷⁸ is being elaborated. The strategy will have a special focus on measures to increase the access of students coming from under-represented groups (with special attention for those coming from rural areas and disadvantaged groups) and adult-learners in tertiary education. It will also aim at offering a strategic framework for increasing quality, flexibility and relevance of tertiary education to the specific demands of the LM.

Transition to labour market

Another major concern is the increasing mismatch between skills and competencies developed in tertiary education study programs and LM demand. Data shows that in 2011 29.4% of higher education graduates aged 20–24 were registered as unemployed, while only 22.9% of those who graduated secondary education were in the same situation. It is becoming rather obvious that over-qualification tends to lead to unemployment, mainly due to the fact that a number of competencies required in a knowledge economy are still missing from higher education study programs. Transversal competencies (such as communication, management and marketing) as well as critical thinking still tend to be left out when study programs are being planned. This situation will lead in time in a growing deficit of high level competencies for graduates coming from the tertiary education system. The high unemployment rate among tertiary graduates and the rate of over-qualification make a further alignment of tertiary education with the LM needs a high priority, as well as teacher training in key pedagogical areas and LLL approaches.

As far as the LM insertion rate is concerned, according to NIS, in 2009 it was 33.6% for 25-34 years old people in one year after leaving the educational system. Insertion rate has the highest value for higher education graduates (60.9%) and post-secondary graduates (technical or specialized craftsmen - 50%). High school graduates and vocational education graduates reach lower insertion rates, only 34.3% and, respectively 33.3%, of them having a job in one year after graduation.

The lowest insertion rates are found in the case of lower secondary school graduates, primary school graduates or those who have not completed any form of education. Their chances of entering the LM are very low, only 14.6% of them having a work place in one year after leaving the education system. By residential areas, urban graduates have a significant advantage compared to those in rural areas, in particular in the case of graduates with a medium or high level of education. The gap between skills demands on the LM and graduates competences is indicated by the fact that the employment rate of graduates by educational attainment (ISCED 3-6) in Romania is over 7 p.p. lower than EU27 average (77.2%) and even lower in the case of ISCED 3-4, 58.8%, comparative with 71.3% EU average. The measures targeting school to work transition in the next years in Romania should be intensified towards a better correlation with the LM skills demands, as far as the Europe 2020 benchmark regarding the share of employed graduates (20-34 year-olds) having left education and training no more than three years before the reference year should be at least 82% in 2020.

⁷⁸ National Strategic Framework for Tertiary Education, National Strategy for Tertiary Education – see ex-ante conditionality

LLL participation

Participation rate of adults in LLL is registering one of the most important gaps in comparison with EU average, with no significant difference by gender. There is a clear correlation between educational attainment and employment, unemployment and particularly with inactivity. This has clear implications for risk of poverty. According to data for 2011⁷⁹, in Romania, the share of job-related training of all non-formal training activities was 82.6%, demonstrating a higher preference for job-related learning, in line with EU27 average 83.4%. Participation in informal learning among adults is the lowest in EU27, far below EU average, 18.8% compared with 44.7%⁸⁰.

The National Survey on Employees Participation to LLL⁸¹ showed that the lowest percentages of participation to training are recorded among persons with low level of education and professional qualification, among those working in small companies with less than 10 employees and among those aged over 40 years. There were also reported discrepancies related to residence and gender. Training participation rates are lower in rural areas than in urban areas and in the case of males. More than that, in 2010 only 2.5% of farmers (farm holders) have agricultural education (basic or complete).

The study on skills mismatch in Europe⁸² shows that in Romania only one third of the workers matched their skills with the current job. There is a clear need for flexible LLL policies and measures, valuing the competences acquired in informal and non-formal contexts in achieving a qualification. Career counselling and skills assessment can provide the opportunity for trust deficit recovery, especially for employees who have experienced failure in formal education (early school leavers, school dropouts, adults with education pathways inconsistent with the skills and personal interests). Another development area is the support of validation and certification systems, increasing the institutional capacity and personnel of the centres for skills assessment and certification. The skills assessment centres network is still geographically limited and there is a need for a larger number of potential beneficiaries to have access to such services, measures to inform potential beneficiaries about advantages of the process of evaluation and certification, especially those who have lower levels of qualifications and skills.

In order to ensure a sound programming of measures to increase the participation in LLL, a national strategic policy framework, including a specific sectorial strategy⁸³ will be elaborated, in accordance with the needs identified in the socio-economic analysis. The strategy will focus on strengthening the social partnership in LLL involving all key actors and on increasing the relevance of IVET and VET for the LM demands for basic and transversal skills, including the development of the institutional capacity for informal and non-formal skills assessment and certification, increasing the access to counselling and guidance systems and widening the use of ICT learning resources for all.

ICTs, education and skills

Computer skills are a challenge for the educational reforms in Romania, taking into account that, in 2011, Romania registered the highest share (61%) in EU27 of population between 16-74 years old with no computer skills⁸⁴. There is a clear generational and educational divide in computer skills, positively correlated with age and educational level.

On the other hand, the percentage of individuals aged 16-74 years using the Internet regularly (at least once a week) has registered in Romania a steady increase up to the value of 43% in 2012. Nevertheless, 48% of all Romanians have never used a computer. In terms of **territoriality**, the situation is similar in all regions of the country, except for the Bucharest-Ilfov where 33% of people

⁷⁹ Source: Eurostat (LFS)

⁸⁰ Source: Eurostat (AES)

⁸¹ Source: The Observatory for Permanent Learning Development, 2011

⁸² Source: CEDEFOP, 2010

⁸³ National Strategy for LLL – see ex-ante conditionality

⁸⁴ Source: Eurostat, Information Society Statistics

have never used a computer. Increasing digital literacy as well as internet access is a prerequisite to the successful deployment of electronic public services.

Use of ICTs in the classroom is close to the EU average. Commendably high percentages of teachers are using ICT in more than 25% of lessons, close to the EU average at all grades. However, this has been achieved in the context of low levels of equipment. There are few interactive whiteboards and data projectors in Romanian schools at any grade. Improving the availability and quality of hardware and software in schools is a priority in the context of the National Competitiveness Strategy strand Preparing Generation 2050.

As noted above, Romania has significant education and skills deficits in the workforce. The further development of *e-education* will enhance access to LLL, "second chance" education and to training for those who are not provided with opportunities in their workplace.

Education and training infrastructure⁸⁵

The rationalisation and restructuring process of schools and initial VET network continued in 2011⁸⁶, aiming at increasing the system efficiency. While some schools with few students were closed or clustered, the education infrastructure continues to be insufficiently developed in order to successfully support the existing policies in the area of quality assurance and children regular attendance to classes. Main areas of concern are related to rural and isolated schools from socio-economic disadvantaged areas with poor operating sanitary conditions (i.e. one out of three schools from rural areas do not meet the requirements of sanitary authorities), poor water supply connection system (i.e. almost half of primary rural schools currently having an inoperative system), schools with sanitary groups depending on the connection to sewerage (about 20% of the schools in rural areas have difficulties in ensuring students' personal hygiene, the latter being exposed to significant health risks), old heating systems (for more than half of the schools in rural areas, and more than one third in urban areas, the most serious situation being recorded in primary schools).

In addition to children from rural areas, there are other disadvantaged students for whom learning conditions are poor compared to the national average - students belonging to the Roma minority and students with SEN. The areas of development for these schools are related not only to utilities, but also to teaching equipment and endowments, including modern specialized laboratories.

A special attention needs to be given to ICT infrastructure. Research by National Agency for Quality Assurance in Preuniversitary Education (ARACIP) concludes that development of digital skills among young people, particularly in Romania's less developed regions is impaired, not by the lack of equipment, but by the absence of adequate computer access for students and insufficient integration of IT use in the broader curriculum.

The future investments in infrastructure should be seen according with the needs at local level, taking into consideration the demographic trends in school population. These investments should also complement the measures aiming to reduce ESL, to provide good quality of ECEC and to support preventive and intervention measures in the schools most affected by ESL, in order to ensure the right access for the most socio-economic disadvantaged communities, with special attention to rural and remote areas, and groups at increased risk of ESL, focusing on Roma and students with SEN. At territorial level will be targeted mainly the counties where the percentage of persons who have completed only primary education is over 6% (see the findings for Romania within the EC/WB poverty mapping project - poverty information at NUTS 3 level).

To move towards the Europe 2020 target for Romania, the infrastructure investments are envisaged in order to support the measures dedicated to improve the access to, participation in and attainment of disadvantaged people in higher education, and, also, to align the higher education to the LM needs. In order to attract a higher number of students, the investments should cover the

⁸⁵ Highlighted in Commission Services Position Paper (October 2012) p22.

⁸⁶ The Law of Education (no.1/2011) provisions

needs to improve access to students campuses, access to different students services and facilities, learning infrastructure and new technologies, especially for vocational university programmes and further training of adults related to the real needs of the regional and local LM demands, in line with the major strategic economic developments. A second type of investments will target the modernisation and internationalisation of the most important university centres by investing in research and innovation infrastructure and learning materials, new technologies and ICT support.

In present, around 1,100 VET schools⁸⁷ are providing VET for more than 150,000 students in the sectors identified in the competitiveness strategy: ICT, energy and environment, pharmaceutical, health and tourism, manufacturing, constructions and agriculture and forestry, out of which 200 VET schools (approx. 13% of the total number) where benefiting of investments in educational infrastructure (workshops and equipment) through pre-accession funds and Structural Funds. The modernization and development of IVET infrastructure, through improved educational infrastructures and resources (including ICT resources, laboratories, workshops, didactical farms for agricultural schools, etc.) will give priority to the IVET schools preparing skills for the future growth potential sectors, mainly agricultural development, rural modernization, food security and environmental protection, in order to promote the accessibility to the VET, in particular in rural and remote areas, and giving priority to the students coming from the counties where the percentage of persons who have completed only primary education is over 6% (see the findings for Romania within the EC/WB poverty mapping project - poverty information at NUTS III level).

Main development needs

Informed by the findings of the analysis of Development Challenges and the SWOT Analysis (*Annex I*), the main development needs in the field of Education and training are:

- **Improving the access, participation and good quality of ECEC** by actions aiming at increasing its availability, quality, flexibility and affordability in terms of curriculum, training of teachers, quality of services, governance, through integrated (transsectoral approaches) ECEC (0-6 years), with a particularly attention to 0-3 years old; and, by promoting access for disadvantaged communities and groups at increased risk of ESL;
- **Strengthening the access, quality and learning achievements in compulsory education** through prevention, early intervention and compensation measures to address attendance, performance and non-enrollment issues in compulsory education, focusing rural and disadvantaged communities, and Roma. At territorial level, a special attention will be given to prevention, intervention and compensation measures to reduce ESL in Centre, South-East and South Muntenia regions and to tackle ESL in the counties with high rate of rural population and low economic development (NUTS 3);
- **Increasing the attractiveness of primary and secondary education, including IVET**, to better secure student engagement and reducing ESL through curriculum development, better integration of ICTs, improving the competences of teachers for personalized and relevant teaching and evaluation strategies, and diversifying compensation models for ESL, based on flexibilization of access and validation and certification of non-formal and informal learning, contributing to a more relevant provision of compulsory education, including second chance education programs, VET and qualification from the perspective of LM demands;
- **Intensive interventions to address the educational needs of groups at risk of exclusion (children from social and economic disadvantaged backgrounds, Roma, SEN, etc.)** through interventions tailored to their specific needs, by supporting individual pupils at risk of ESL; systematic integration of equal opportunities and inclusion measures in mainstream actions, by involving

⁸⁷ The data are collected by MoE. The no. of schools providing VET by each sector: ICT – 180 schools, energy and environment – 160 schools, pharmaceutical, health and tourism – 400 schools, constructions – 110 schools, agriculture – 138 schools, forestry – 34 schools, manufacturing industry – 257. One VET school is providing training in different sectors.

actors outside school such as social and youth services, local community or other education and training providers and incorporating wrap-around support (mentoring, financial, etc.) to ensure its effectiveness;

- **Improving quality and relevance of VET (both initial and continuous) and tertiary education to the LM needs** and to the specific skills and disciplines required in growing sectors in complementarity with the competitiveness strategy; promoting partnerships and networks among social partners, companies and training providers in order to increase access to VET; and strengthening the capacity of IVET and CVT providers to deliver attractive and qualitative VET programmes, in correlation with the LM demands;
- **Enhancing access to and supporting participation in tertiary education**, particularly for students from rural areas, Roma, SEN, non-traditional students and other categories with a socio-economic disadvantaged background; and, promoting flexible curriculum adapted to the LM demands and ensuring a better access to research and innovation programs of students and teachers;
- **Enhancing access and quality of learning provision for adults, with focus on relevant basic and transversal skills** delivered in flexible formats, valorising non-formal and informal learning contexts; supporting the validation and certification system by increasing the institutional capacity of the centres active in the area of skills assessment/validation, counselling and certification; promoting compensation education and counselling interventions for young adults, complementing employability interventions, including the development of new vocational training opportunities;
- **Fostering lifelong learning and vocational training in the agriculture, forestry and fisheries sectors;**
- **Supporting the development of ICT in education** through a more systematic integration and use of new technologies, developing relevant digital learning resources available in school, university, at work, in training and in the community, using innovative and flexible ICT models that allow the creation of new learning attractive and motivating contexts for learners. All these will ensure that the people of Romania are equipped to participate effectively in digital delivery of government and public services and that their mainstreaming does not compound social exclusion;
- **Improving educational and training infrastructure** in order to support the strategy of reducing ESL, the strategy for Tertiary Education and for LLL, according to *development/modernisation of Educational Infrastructure strategic approach integrated within the 3 Strategies (ESL, Tertiary Education and LLL)* - *ex-ante conditionalities* developed by MoNE; promoting investments in educational infrastructure (ECEC, primary and secondary education) in rural and in socio-economic disadvantaged communities, in particular Roma; taking into account demographic trends and forecasts on school population, in complementarity with community development initiative; and, promoting investments in the higher education and VET infrastructure, in line with the economic development trends.

Lessons learned

The most important shortcomings identified from the implementation of the policies and programmes in the field of human resources could be summarized as follow:

The main areas of intervention were not been addressed in a strategically and coherent manner.

There was a lack of strategic approach in identifying the sectors that need skilled work force on the labour market and the educational and training system. The strategic projects which targeted employment and social inclusion in rural areas indicated also ineffective coordination at regional/county levels. Better targeting of specific needs in rural areas need better coordination between funding sources in general as well as between local stakeholders.

On the other hand, there wasn't promoted and ensured the complementarity between the investments in educational infrastructure projects financed within ROP and NRDP 2007-2013 and the projects financed within HRD SOP, leading to less effectiveness and sustainability of the ESF projects dedicated to education and training. Launching the future investments in dedicated infrastructure should be promoted by ensuring the complementarity with the ESF type projects;

Another issue relates to the *lack of coordination between the resources allocated to the main areas of interventions and the expected impact of investments* (e.g. some of the interventions were under-financed, it was no link made to the levels of expenditure targeted at doctoral and post-doctoral students, what it is expected to be derived from these investments and how it will influence the Romania's position on international market);

The over-elaboration of and focus on administrative and other technicalities impeded also the strategic focus at all levels of implementation. Overall, the system is overloaded at central level with an emphasis on administrative technicalities and 'auditing' / accounting without a parallel focus on strategic issues regarding the development of the labour market, education, training and so on. This is evidenced in many areas including duplication of effort, heavy reporting requirements, 100% checks, and a lack of substantial reporting on overall achievement and impact associated with a lack of impact indicators etc.

The absorption rate for SOP HRD in the current programming period indicates also the *need for changes in the legal, institutional and procedural frameworks for the next programming period*, such as: the simplification of guidelines for applicants; reduced documentary requirements; improvements in the public procurement legislation; the use of simplified cost options.

INFRASTRUCTURE CHALLENGE

ICT INFRASTRUCTURE

General

Information and communication technologies (ICTs) are important for developing countries. They create new ways of interacting, doing business, and delivering services. Through extending access to ICTs and encouraging their use, the EU aims to stimulate sustainable economic growth, improve service delivery, and promote good governance and social accountability. ITCs are also associated with economic growth.

The Digital Agenda for Europe, a flagship initiative of the Europe 2020 Strategy, underlines the importance of broadband connectivity for European growth and innovation and for social inclusion and employment. The Digital Agenda sets ambitious coverage and speed targets and requires Member States to take measures, including legal provisions, to facilitate broadband investment. The Digital Agenda targets and Romania's position relative to these are shown below. It may be seen that Romania has particular gaps with the EU Targets in relation to NGA broadband access, overall internet use and digital literacy, reflected in significant shortfalls in e-commerce by business and citizens.

Objective 2020	EU Targets	Current ⁸⁸ situation RO
Covered by broadband	100% by 2013	89.8% (2012)
Covered by broadband above 30 Mbps	100% by 2020	63.7% (2013)
Subscriptions to fixed broadband above 100 Mbps	50% by 2020	18.9% (2013)
Population to buy online	50% by 2015	5% (2012)
Population to buy online cross-border	20% by 2015	1% (2012)
SMEs to make online sales	33% by 2015	5% (2012)
Difference between roaming and national tariffs	to approach zero by 2015	
Regular internet usage overall	75% by 2015	43% (2012)

⁸⁸ Sources: <http://ec.europa.eu/digital-agenda/en/scoreboard/romania>; ANCOM

Among disadvantaged people	60% by 2015	24% (2012)
Population that has never used the internet	15% by 2015	48% (2012)
Citizens using e-Government	50% by 2015	37% (2012)
Returning completed forms	25% by 2015	4% (2012)
Key cross-border public services, online	100% by 2015	N/A
Public investment in ICT R&D	doubled to €11bn by 2020	€27.3m (2011)
Energy use of lighting (%)	reduced by 20% by 2020	N/A

The focus in this Chapter is on ICT Infrastructure, but ICTs have a horizontal presence across the Challenges identified in the Partnership Agreement:

- as a growth sector, a source of enhanced business performance and a regulatory issue under ***the Competitiveness Challenge***.
- as a tool for improving education and health services and as a skills issue under ***the People and Society Challenge***.
- in identifying, monitoring and managing environmental issues under ***the Resources Challenge***.
- as means to improve the efficiency and effectiveness of government under ***the Administration and Government Challenge***.

The accessibility and quality of broadband infrastructure is fundamental to realising benefits from ICTs in all of these areas.

Basic broadband and new generation access

Romania has been addressing market failure in the provision of basic broadband⁸⁹ through the National Broadband Strategy 2007 and RoNet initiative. By 2012, basic broadband covered 89.8% of homes in Romania (compared 95.5% in the EU). Coverage of basic broadband should be complete in 2015, with ERDF assistance from the 2007-13 period.

Progress towards delivery of basic broadband has been delivered in Romania by exploiting existing fixed infrastructure and mobile broadband. However, the step change to NGA speed access will require fibreoptic fixed network or 4G mobile technologies to achieve.

The recent heavy investment in telecommunications infrastructure in Romania, including under the RoNet initiative has resulted in considerable progress in installing Next Generation Access capable of providing at least 30 Mbps download. In 2012, this was available to 63.7% of homes (compared with 53.8% in the EU). However, presently thin markets, combined with the dispersed pattern of settlement in Romania represent a significant obstacle to the extension of NGA access, particularly in Romania's rural areas.

Recent consultations with operators⁹⁰ concerning the existence of infrastructure and the intention to invest in a total of 12,487 rural localities resulted in the identification of 2,268 localities where there are no broadband networks either in the local loop area, or in the backhaul area, and where there is no justified intention to invest expressed by private operators.

Research for Romania's National Plan for the Development of Next Generation Access Infrastructure suggests that in the absence of public sector intervention, by 2020, in terms of **territoriality**:

- with limited exceptions, the market will deliver the Digital Agenda targets in urban areas, with 90% of households will be covered by fixed NGA infrastructure affording 100Mbps access.
- there will be significant market failure in rural areas⁹¹ and less than 50% of households will be covered with speeds over 30Mbps while the percentage of households with access at speeds over 100Mbps will not exceed 20%.

⁸⁹ Highlighted in Commission Services Position Paper (October 2012) p7.

⁹⁰ Source: ANCOM, 2013.

⁹¹ According to ANCOM's biannual reports the demand for broadband internet services increased starting from 2006 with respect to both fixed and mobile technologies (http://www.ancom.org.ro/statistici-comunicatii_2003) and according to data provided by significant market players within the workshops dedicated to drafting the NGA National Plan was estimated the developing potential.

Public investment in 2014-20 will take place in the framework of the National Plan for Development of NGA Infrastructure, targeting areas subject to market failure and informed by GIS-based mapping of the existing communications infrastructure to be completed by ANCOM in 2014⁹².

Broadband take-up

The level of broadband take-up in Romania (16.6 connections per 100 population) is much lower than the EU 27 average⁹³ (28.8) reflecting the country's low level of digital literacy (48% of Romanians have still never used a computer). The resulting thinness in market demand continues to be a major factor in market failure in the delivery of broadband services.

According to MSI, in 2012, 43.8% of households had Internet access via a fixed broadband connection, compared with an EU average of 75.6%. In terms of **territoriality**, most of these were located in urban Areas where 60.3% of households were connected, more than double the rate in rural areas (23.47%). Urban-rural disparities reflect a combination of income levels, the availability of computers in the home, and digital literacy. Access to basic broadband, previously a significant obstacle, is diminishing as the RoNet initiative is rolled out.

Increased levels of take-up, particularly in Romania's rural areas, are fundamental to Romania's transformation to an information society and to avoiding digital exclusion as public and private services are increasingly delivered online.

Main development needs

Informed by the findings of the analysis of Development Challenges and the SWOT Analysis (**Annex I**), the main development needs are:

- overcoming market failure in the provision of NGA infrastructure and related services in line with The Digital Agenda Strategy for Romania and with The National Plan for the Development of Next Generation Access Infrastructure.

TRANSPORT

General

Even though Romania, due to its geographical position, is an important European traffic node for passengers and goods, facilitating the connectivity among the Central Europe, the Black Sea and the Caucasian–Caspian area, it has undeveloped and less modernized transport infrastructure in comparison to goods and passengers volume that transit the Romanian territory, that being a major barrier in its development and economic growth.

Romania has potential to become a major trading partner of EU countries due to Constanta port which is the largest port on the Black Sea and the fourth-largest in Europe. If this potential will be better exploited, Romania's export market would expand and diversify, strengthening its capacity to attend growth.

⁹² In accordance with Law no. 154/2012

⁹³ Highlighted in Commission Services Position Paper (October 2012) p7.

Although there have been some major investments in the transport infrastructure, the sector still presents a series of problems regarding the connectivity in each transport mode due to the backlog of investments, as well as administrative deficiencies in the maintenance and operation of the infrastructure.

Moreover, the lack of a strategy for the development of the infrastructure based on an analysis of the needs and on a realistic prognosis of the goods and passenger volume has generated an unsystematic development, existing still bottlenecks on the network, which lead to increased travel times and to the existence of accessibility disparities among the Romanian regions.

Accessibility is closely linked to economic and social development. Underdeveloped transport network and low quality of services is a barrier to the development process of small and medium towns, villages and communes. The negative effects are highlighted in low labour mobility and, consequently, the lack of exploitation of labour, and limited access to basic services, high costs and long journeys, all of them preventing competitiveness.

Romania has accessibility constraints due to poor quality of the road infrastructure, reduced number of highways, high incidence of accidents involving victims and inadequate quality for some sections of roads, TEN-T gaps in connectivity between east and west of the country, the slow progress in the rehabilitation of railway and low speed of passengers and freight trains. Some parts of the country are severely disadvantaged, in particular the northern regions along the borders to Ukraine and Moldova and the Danube Delta.

Furthermore, the geography of Romania creates natural barriers blocking the connectivity between the centre - west part with the east and south – east parts of the country, due to the Carpathians, by limiting the access points from one region to another and hampering regional mobility and accessibility. The Danube River also divides the south east of the country from the rest. The logistic difficulties generated by all these put a major pressure on the state budget due to the fact that the investments in the transport infrastructure that crosses these natural barriers are very big.

According to the “Global Competitiveness Report 2012-2013”, Romania ranked the last position among the EU member states from the point of view of the quality of overall infrastructure, the quality of roads infrastructure and the quality of railway infrastructure. The lack of quality transport infrastructure in Romania places additional cost burdens on the private sector impeding integration with the EU markets and reducing productivity.

Country Specific Recommendation 2013: a comprehensive long-term transport plan

Analysis

Road Transport

Road transport has an important market share for persons and goods transport. Although there has been significant investment in the last years, the Romanian road network has insufficient capacity in comparison to existing traffic, having as result that the movement of persons and freight is relatively slow and inefficient. This is a significant impediment to regional development and to attraction of investments.

According to the data provided by Ministry of Transport, in 2012, the length of the road network was 84,185 km, out of which 16,887 km represent national roads, 550 km motorways and about 80% are county and communal roads. The motorways length resulted through summarization of sections of different motorways, the connection between HU-RO border and Constanta not being finalized.

TEN-T network has 5,091 km, out of which 2,518 km are on TEN-T core network. During 2007-2012 there were constructed 258 km of motorways on core network and 42 km on comprehensive network and 703 km of national roads were rehabilitated/modernized.

As regards the county roads, it is obvious that development, job opportunities and living standards of people often depend on a large extent on connectivity area with transport routes. In 2012 Romania had about 34,400 km of county roads, out of which 2,100 km of dirt roads and 7,150 km of macadam roads. Quantitative investment efforts during 2007-2013 programming period represent a serious starting point for future interventions: the differences has been seen in the decrease of dirt roads, with nearly 300 km, and especially of macadam county roads, with over 2,200 km, while the asphalt medium and heavy type increased by 50%, from 5,100 km to 7,640 km.

The main problems of secondary roads network are: lack of ring roads in most of towns and villages leading to increased travel time, increased fuel consumption, pollution levels and hence transport costs, reduced carrying capacity (less than 20 tones trucks supported on large majority) with immediate effect on attraction of flows of goods and passengers.

Moreover the insufficient and even inadequate signalling gives rise to large disruptions in the normal traffic flow with a high risk of accidents, high percentage of non-upgraded roads with bridges in immediate risk of collapse.

The custom infrastructure has an important impact on foreign trade flows, its improvement conducting to trade facilitation, therefore to economic growth. Imported goods during 2011-2014 period have an increasing average of 3.9% and, for the same period, exported goods have an increasing average of 0.8%. A one hour stop in a custom is equivalent with a covered distance of 70 km. A stop of 3-4 hours could be quantify as 210-280 km covered, so the freight transports arrive with delays at destinations, with negative effects on foreign trade flows.

The old customs infrastructure generates long waiting time and traffic bottlenecks. Romania provides security for more than 2,040 Km of the combined EU external border (road, sea, river, rail and air). Even though during the past years significant financial resources were meant to ensure the security and safety at the EU external border, the modernisation of Romanian customs and border crossing points is still necessary in order to achieve an appropriate balance between two key objectives of customs, namely "trade facilitation" and "regulatory control".

Rail transport

The transition to more sustainable transport is obstructed by the unreliability and poor consumer experience in Romania's rail sector. In 2012, the national railway network had a length of 15,871 km interoperable and 4,206 km non-interoperable, a reduction from previous years. Some 23.6% of the total railways length is on core TEN-T network and 44.1% is on the comprehensive TEN-T network.

The condition of the railway network has been deteriorating since 1990, and this, in addition to old rolling stock (approx. 70%), leads to increased journey times. Some 5,919 km of the current railway network is assessed as life expired. Traffic speed is approx. 59 km/h for passengers' trains and approx. 39 km/h for freight trains. At the end of 2012, the total length of the operable railway network was of 10,777 km, of which 4,020 was electrified. Inadequate maintenance of railway infrastructure, due to funding constraints, has reduced the efficiency of the network, causing speed restrictions and increased travel times and resulting in passengers choosing to use other modes of transport.

Between 2007 and 2012 rail traffic has reduced by 11%, from 95.7mil. train-km in 2007 to 85.2 mil. train-km in 2012. The reduction of traffic in the rail transport sector is mainly linked to the low quality of current services and not to an inherent unattractiveness of rail travel.

Since 2011 a process of rationalising the rail network has been under way: under the terms of the Stand-by Agreement with the IMF and the EC, around 1,000 km has been closed. Of the remaining network CFR will place 15,500 km directly with the rail operators. In coming years, it is also planned to rent another 1,500 km of non-interoperable railway, through tendering.

In order to streamline the rail sector, more than 400 railway stations have been closed since 2001. Most of the remaining 932 are in need of rehabilitation to improve the quality of services; traffic

volume will be an important element in their prioritization. Significant investment will be required, prioritised within the framework of the GTMP, to enable rail to compete effectively with road within the inter-regional passenger and freight transport market.

Traffic safety

Road transport is the main transport mode in Romania, for persons and goods even it is more polluting than other transport modes and causes a big number of accidents. So, it is necessary to be identified the „black points”, the main causes of accidents, and to identify and implement preventive investments to increase road safety.

Road transport increased from 1 million vehicles in 1990 to 5.42 million at the end of 2010. Road accident fatalities in European countries (not including Romania) are decreasing at a rate of 2.93% per year. Until 2003, the number of fatalities caused by road accidents in Romania remained below the average of the rest of the EU. But Romania rose above the average of all other EU countries in fatality rates after 2004. Starting with 2009 the number of fatal accidents decreased from 2,796 in 2009 to 2,377 in 2010. Over the 20 year period from 1991 to 2011, the long term trend in the number of fatalities in Romania is decreasing, at a rate of 1.5% per annum. But this is much lower than the EU average decrease of almost 5% per annum. In terms of fatalities per capita, Romania is almost 50% above the European average. Moreover, Romania is on top 3 countries in Europe in relation to number of deaths per one million inhabitants (143 deaths per one million inhabitants compared with the EU average of 78 deaths per one million inhabitants). In 2011, 43% of the total number of accidents occurred on national roads and 34% on roads within cities.

Regarding railway transport, during 2011 there were 192 accidents that involved rolling stock and persons. The number of accidents' victims decreased from 441 in 2008 to 251 in 2011, but during 2005-2008 the increase was fast (from 51 in 2005 to 441 in 2008).

The decreasing of number of accidents in roads and railway sector could be done through proper investments in signalling, railway level crossing, motorways and ring roads construction, as well as improving people self-awareness in order to respect traffic rules.

Water transport

The waterways and ports sector consists of Constanta Port, the Danube River and the connecting canals between the River Danube and the Black Sea. The main canal is the Danube – Black Sea Canal between Cernavoda and Constanta Port, while a section connects Poarta Alba and Midia Navodari.

There has been a steady increase of traffic in Constanta port since 2009, although the rate of increase has slowed in last years. Constanta serves both Romania and neighbouring countries via its railway network and the Danube River. Moreover, the Danube River and the Black Sea connecting canals are an important route for freight movement.

The Danube River is a natural transportation route which, nonetheless, requires dredging to maintain a navigable depth, ideally of 2.5 – 3 metres, to be available most of the year, to provide the necessary depth of water for efficient operation. This draught impede the tugs and loaded barge convoys to operate fully loaded in large convoys of 8-10 barges, so that a reliable, cheap and predictable service can be offered by the ship operators. The issue here is mitigation of environmental impact on fish and shore life, which has to be balanced against the environmental benefits savings in fuel and emissions savings of water transport as opposed to rail and road transport.

The canals between the Danube River and the Black Sea are an important part of the inland waterways system and are in poor condition. The main section between Cernavoda and Constanta Port carries on the main part of traffic and needs investments to continue to operate efficiently.

With a share of 20% from total freight transport, in 2011, water transport (inland and maritime) lags behind its effective potential, especially concerning Danube traffic. Maritime transport is facilitated

by Constanta, Mangalia, and Midia ports and by Braila, Galati, Tulcea, and Sulina fluvial-maritime ports that permit maritime ships. The inland water transport is done on the Danube and on the Danube – Black Sea/Poarta Alba – Midia Navodari canal.

In the context of future development of export markets for agricultural products and other bulk commodities, the Danube represents an important opportunity to connect the country to the European markets and to reduce the pressure of road transport that is more polluting. The inland water navigation needs to be developed stressing on the Danube and maritime ports and the modernization of navigation on other inland waters and canals. Romania and Bulgaria set up an inter-ministerial committee for sustainable development of inland waterway transport in the common RO-BG section of the river and for improving the connectivity of the region.

Inter-modality

In accordance to the Strategy for inter-modal transport 2020, elaborated in 2011, in Romania there are 26 rail terminals of 10,500 TEU and 19 private terminals that have as activity loading/unloading of containers. The terminals that are used for inter-modal transport have old equipment, from 1970-1980, the buildings and access roads being not in a proper shape. So, they cannot be exploited in good conditions.

Constanta is the focal point for around 80% of all intermodal movements by rail in Romania. In 2011, Constanta port moved 5.2m tonnes in containers.

Mode	Tonnes	Market Share
Rail - CFR Marfă	1,484,118	28%
River	108,783	2%
Road	2,332,200	45%
Rail – Private	225,000	4%
Transit*	1,072,899	21%
Total	5,223,000	100%

Sources: Port of Constanta, AECOM analysis of CFR Marfa Data, and AECOM Surveys

The use of intermodal freight reached its recent peak in 2007 when 912,509 containers (1.41m TEU) were handled through the Constanta port. Since then the effects of the economic downturn, and competition from other Black Sea ports, have affected the sector quite considerably. The volume had dropped to 353,711 containers (557K TEU) in 2010, 39% of the 2007 level but has increased slightly since then. The port statistics show that 25% of all handled containers are empty and that the volume of imported loaded boxes versus exported loaded boxes is reasonably balanced. Data from the port show that empty running vehicles are currently at the 37%, the percentage being higher than 25%, which is in many Western European countries, suggesting that there is inefficiency in the current system.

The development of inter-modal transport has the capacity to re-launch the freight transport in Romania, to reduce the effect of economic crisis by stimulating commercial transport and to improve the beneficiary's accessibility.

Air transport

International air services between Romania's main cities and the European hubs play an important role in supporting businesses, attraction of foreign investment and economic integration of Romania within the EU. The regional airports that are on TEN-T core and comprehensive network have an important role in increasing regional mobility and connectivity.

Regional airports have an important role in the economic development of regions and tourism, but the needed investments are costly and cannot be made solely of airport funds.

Air transport services are at a low level represented 3% from passengers' traffic and 1% from freight traffic. Romania ranked on 86 position from 237 countries from the airports number point of view. 11 airports are on TEN-T comprehensive network and 2 airports are on TEN-T core network. Domestic air transport accounts for 43.6% of the Romanian air market, while international transport accounts for 56.4%.

In 2011, the number of passengers that had transited Henri Coanda airport was over 7.3 mil. passengers, meanwhile 1.2 mil. passengers had transited Timisoara airport, 1 mil. passengers had transited Cluj Napoca airport, 327,746 passengers transited Bacau airport, 176,906 passengers transited Sibiu airport, and 184,311 passengers transited Iasi airport.

Most of domestic air services have Bucharest or Timisoara as origin or destination, so air connectivity within Romania to these two major cities is good, but connectivity among other regional centres cannot easily be achieved by air. In this line, the Nord - Nord-West of the country is isolated from the point of view of air services.

The figures from 2012 show an increasing demand of passengers traffic: 7.8 mil. passengers had transited Henri Coanda airport, 1.4 mil. passengers had transited Timisoara airport, and 170.640 passengers had transited Iasi airport. The forecasted traffic for 2013 shows, an increasing trend of number of passengers for Henri Coanda airport, Timisoara, Cluj Napoca, Iasi and Baia Mare.

Based on the analysis, Bucharest, Timisoara, and Cluj Napoca airports can be highlighted as key airports for domestic and international air traffic for passengers, meanwhile Bucharest, Cluj Napoca, and Arad are important freight nodes.

The traffic data show an important increase in freight traffic, in 2011 versus 2010, with 53% for Henri Coanda airport and 67% for Cluj Napoca airport.

To further improve growth regional airports in Romania are in need of investments in safety and security equipment in order to meet the EU standards and the international aeronautical regulations, like CMA (Continuous Monitoring Approach).

The proposed investments in regional airports will be determined based on the transport model provided by GTMP, having in view the necessity to reduce travel time to all Romania's regions and to enhance connectivity.

In order to meet its climate change mitigation obligations, Romania has to adapt the increase of air traffic services to the essential needs of economic development. To that aim, alternatives have to be carefully assessed.

Urban transport

Urban transport in Romanian cities is largely aged and reliant on buses and minibuses services. The rehabilitation and renewal of urban transport systems is expected to be a feature of integrated sustainable urban development projects in several cities and to ensure a coordinated implementation of infrastructure projects, within the EU core network, that critically contributed to the effectiveness of the overall EU transport system, according to Europe 2020 flagship initiative: "Resource efficient Europe". This will make a significant contribution to air quality increasing and energy efficiency in addition to place competitiveness. Urban transport needs to be developed and modernized and new vehicles will be purchased, taking into account the increasing number of persons that benefit from this transport type.

The sustainable development of Bucharest has to be addressed as for an European capital, in the context of urban agglomeration, in correlation with neighbouring areas. Besides the people that are living in Bucharest, there are 30,000-35,000 people/day that are in transit through the city, for business, tourism, and other activities, so that the capital reaches 2.3 mil people.

Bucharest metro network has to be developed for decongesting urban transport on the ground. All investments will contribute to low carbon economy and will aim at climate change adaptation. The metro network has 69 km, on 4 lines that provide a rapid movement of passengers at a big capacity, but they cover only a part of the inhabited area. Metrorex ensures the transport for 20% of

passengers that use public transport in Bucharest, even its share in transport public network is of 4%. In this respect, it is necessary to build new metro lines, in order to have not so high level of ground traffic and to have more environmental friendly urban transport system.

The lack of ring roads for most of the towns determines high travel time and increases pollution, in this respect, the design and implementation of urban mobility plans will have to take in consideration the bypass construction, as a mean to diminish congestion and pollution.

Implementing issues

Restructuring of implementing agencies (road and rail), improving their management, monitoring capacities, and procedures and their reorganization and development of personnel skills are, also, important tasks that need to be accomplished for supporting transport sector development. Improving planning and co-ordination capacity has to be oriented at national and regional level, for promoting socio-economic potential of regions and improving of accessibility and connectivity.

Performance Contracts will replace existing Contracts signed between Ministry of Transport and CNCFR / CNADNR, and will set up clear objectives for the companies, both for investment and maintenance (stemming from the GTMP), securing the afferent funding sources. This will improve the visibility of the companies, making them more efficient and accountable.

Performance contracts templates for CFR and CNADNR were delivered by the World Bank on 19.04.2013 and 12.08.2013, under the consultancy contract "Support for the implementation of an overall strategy in the transport sector and infrastructure".

Ministry of Transport and Department for Investment Projects and Foreign Investments agreed an implementation date for the performance contracts, after the completion of the GTMP, and in line with the state budget for 2014.

Lessons learned

An amount of 5.7 billion EUR was allocated for development of the transport sector in Romania, for 2007-2013 period, which represents about 23% of the overall allocated funds for NSRF for Romania over the said period. Out of these, 4.57 billion EUR represent the Community financial support, while national co-financing will amount to about 1.09 billion EUR. The Community funding was provided by the Cohesion Fund and the European Regional Development Fund.

Lack of strong policy and strategy framework, as well as the lack of the transport master plan, deficient preparation of projects and governance deficiencies in the management of the agencies conducted to a low absorption rate, even the development needs of the sector are huge.

Projects must have economic and financial viability, quality of their preparation needs strengthening, with high quality feasibility studies, EIA/SEA documents to be adequate to required standards. Furthermore, it is necessary to increase the capacity building, to provide more professional and administrative support to beneficiaries, to have standardized procedures, contracts, and other needed documents. Permits issued by local authorities were sometimes delayed for reasons that are not under beneficiary's control and some conditions stipulated by them were unreasonable.

Even the crisis affected the traffic of passengers and freight and the future financing of infrastructure, strategic planning, investment programming and budgeting have to be integrated in a better manner, in order to have better implementation results.

Main development needs

For 2014-2020 period, the development of all projects will be based on the General Transport Master Plan, that has a vision for the development of transport sector in Romania by 2030. Also, during 2014-2020 period it will be annually allocated 2% of GDP for maintenance and investment projects in the transport sector. Also, a special unit within the Ministry of Transport will be set up, for monitoring the GTMP implementation. The Regional Development Plans will be consistent with

the GTMP, taking into account justified regional and local transport infrastructure needs, in order to, in order to assure connectivity needs and economic development promotion.

The development and modernisation of the TEN-T and national roads network, including by-passes and connections with TEN-T network are priorities for 2014-2020 period. Romania has very low motorway endowment, resulting in hampered international accessibility and interregional connections and the rate of fatalities and congestion is high. In addition, the county and communal roads have to be developed and modernized, for improving regional mobility and development opportunities. Road safety needs tailored strategies and special efforts for improving its quality.

Traffic bottlenecks from customs control need to be removed through better infrastructure and management. The projections of customs traffic show that this will increase and there are investments needs in this sector, such as investments in customs infrastructure and equipment, at Romania's borders and within the country, the investments aiming to decrease by 35% the time needed for passing through the custom.

Railway is witnessing decline in freight and passenger demand, due to decreased speed, increased travelling time, and reduced reliability and safety of the network, resulting from under investment and poor maintenance. The modernization and upgrading of railway network on TEN-T core and comprehensive network, the modernization of railway stations, and the modernisation of rolling stock, will facilitate the increasing of services. The investments will aim to increase the traffic speed to 160 km/h for passenger trains and to 120 km/h for freight trains and to reduce travel time, in order to improve mobility and accessibility. The railways network rehabilitation could have effect on short and medium term and could balance the transport flows on ground transport modes. The restructuring of the main railway companies, as CFR Marfa, CFR Calatori, CFR Infrastructura, is crucial, having in view the need to reduce losses and to have an efficient railway transport system. So, the railway transport system will sustain in a better manner the economic development of the country.

A special attention will be accorded to inland water transport and to the Danube and its canals, which has 1,075 km from the border to the Black Sea. RO-BG common sector of the Danube and Constanta port are among the most important development needs. Inland navigation stands far below its actual potential, mainly on the Danube, and intermodal transport is underdeveloped. Water transport infrastructure should be developed in compliance with environmental objectives and with low impact on ecosystem resilience and biodiversity. The investments will be in line, also, with the Danube Strategy objectives.

Prioritized international and regional airports that can be associated to TEN-T core and comprehensive network need to be developed and modernized, including investments in airport infrastructure and traffic safety, taking into account environment protection. All these investments will lead to a better mobility and connectivity among Romanian regions and among Romania and other MS (based upon the final provisions of the EU regulations 2014-2020).

Urban transport needs to be reorganised and modernized in accordance with urban mobility plans, management of public transport companies has to be improved, given the need to reduce agglomerations and costs.

Public transport has to be encouraged, as a viable alternative of individual cars that are more polluting. Municipalities have to promote integrated transport systems, to reorganize public transport network with an accent on the electric public transport, including rolling stock acquisition. A special attention will be accorded to subway chain of Bucharest metro.

The road infrastructure needs introducing new road safety items, rehabilitation of routes, implementing accountability projects for drivers, a better traffic monitoring and elimination of existing dangerous points through better signaling, separation of road directions, aboveground crosswalk. Due to the fact that the intermodal freight transport is underdeveloped and most of the intermodal movements are concentrated only in Constanta port (80%) it is necessary to modernize

and develop intermodal transport nodes. It is also necessary to create platforms for intermodal connections for passengers and cargo, to modernize the rolling stock and to develop better systems of online information.

The identified development needs are in line with the General Transport Master Plan, the Strategy for National Transport System, and the Regional Development Plans.

Informed by the findings of the analysis of Development Challenges and the SWOT Analysis (**Annex I**), **main development needs** are:

- Improving the accessibility of Romania and its regions and their connectivity with markets thereby significantly reducing the obstacles to their development and diversification in the context of the GTMP;
- Improving the sustainability of Romania's transport mix and the attractiveness alternatives to road-based transport;
- Improving and modernization of urban transport, having in view de-congestion of urban agglomerations.

RESOURCES CHALLENGE

ENERGY AND CLIMATE CHANGE MITIGATION

Renewable energy generation and transmission

Romania has a wide range, but reduced quantitatively of fossil primary energy resources and minerals: oil, natural gas, coal and uranium as well as significant potential of renewable resources. Romania presently has a much lower reliance on imported energy (21.7% in 2010) than in the EU27 (52.7%).

Except the renewable energy sources, lignite is the only domestic primary energy carrier in terms of resources which can contribute significantly to the supply of electricity consumption for the next 2-4 decades. Natural gas is progressively becoming import dependent.

Romania's position relative to the targets established under the Europe 2020 Strategy are summarised in the following table:

Objective 2020	EU 27 targets (%)	Romania assumed targets through National Reform Program (%)	Romania current situation (%)
share to reduce emissions of greenhouse gases	20 (compared to 1990)	+19 (national binding target for non-ETS sectors compared to 2005)	- 12.84 (2011 emissions compared to 2005); - 6,4 (2020 projected emissions compared to 2005)
share of renewable energy in gross final energy consumption	20	24	23.6 (2010)
increased energy efficiency	20	19 (estimated 10 Mtoe)	16.6 (7.3 Mtoe reduction of the primary energy consumption 2012 - as compared to PRIMES 2007 projection)
Council Recommendation's on Romania's 2013 national reform programme: <ul style="list-style-type: none"> - to increase energy efficiency in buildings, district heating, industry and transport; - to integrate of Romania's electricity and gas markets in the EU markets; - to implement crossborder connections for gas. 			

Romania is close to meeting its **National 2020 target** of 24% of final energy consumption from renewables (having reached 23.6%, 2010)⁹⁴. The Romanian Energy Strategy for 2007-2020, updated in 2011, estimates the national potential of renewable energy at 14,718 ktoe, higher than

⁹⁴ Highlighted in Commission Services Position Paper (October 2012) p5, p8; National Reform Programme 2011-13 Progress Report (March 2013) p14.

Romania's imports of primary energy in 2010 (11,239 ktoe). The current annual total production of renewable energy sources is about 6,550 ktoe. The remaining unused technical potential is about 8,000 ktoe, with the following shares⁹⁵:

- Biomass and biogas 47%
- Solar energy 19%
- Wind energy 19%
- Hydro power 14%
- Geothermal energy 2%

According to National Agency for Energy Regulation (NAER) in 2012, the production of electricity from RES which benefited by the green certificate promotion system is 3,365,035 MWh and has the following structure: 78.45% wind energy, hydropower 16.64%, 4.67% energy from biomass and 0.24% solar (electricity produced in hydropower plants with installed capacity above 10 MW are excluded). Total installed power capacity at the end of 2012 E-RES accredited production units was 2327.76 MW (2028.755 MW of electricity generation license and permit establishment 299.005 MW), with the following structure: 78.22 % wind 18.34% hydro, biomass 1.24%, 2.20% solar. In 2012, progress in installing wind and solar energy capacity was ahead of the schedule in NEAP. However, less progress had been made in installing micro hydro energy and biomass⁹⁶, reflected in the small contribution of these energy resources to reaching intermediate and 2020 targets, justifying public intervention.

Data relating to geothermal energy in Romanian strategic documents refer to deep geothermal energy and do not specifically take into consideration shallow geothermal energy and its potential. Although only a few new geothermal projects were completed during the period 2007-2012 due to economic difficulties, the possibility of using geothermal energy for heating and especially district heating should be further explored.

Given the expected power flows, taking into account a wind power installed capacity of about 2500-3500 MW (depending on location, especially in Dobrogea and Moldova), in order to avoid unsafe loads on the system, it is necessary to strengthen the electricity transmission network through important investments. Consequently, the transmission and system operator estimates a financing deficit which could create pressure on the tariff⁹⁷.

The share of RES electricity production in total gross electricity consumption is relatively close to the national target (35% in 2015 and forecasted 38% in 2020), but there is a need to identify solutions in order to compensate fluctuations due to RES energy production, especially by encouraging energy storage solutions. In this way, the excessive charge/load of the electroenergetic system in certain areas will be avoided.

The energy efficiency of the Romanian electricity generation, transmission and distribution systems is relatively close to the EU average. For example, the average thermal efficiency of the Romanian power stations was 49.0% in 2009, while the average for the EU-27 was 49.5%⁹⁸. The energy losses in the Romanian transmission and distribution networks were 13.1% in 2010, while the corresponding figure for EU-27 was 15%⁹⁹.

By contrast, the efficiency of the district heating transmission and distribution systems is very poor, threatening the very existence of the systems in many cities. In 2010 the average heat losses in the distribution networks were 29%¹⁰⁰. To be sustainable, the system should not have higher heat losses than about 10%. Bringing the losses to that level would save about 400 ktoe/a primary energy.

⁹⁵ Data presented are in line with National Strategy 2007-2020

⁹⁶ see NREAP, table 5.7

⁹⁷ Source: Perspective Plan of Electricity Transmission Grid 2010-2014 and guidance -2019.

⁹⁸ EUROSTAT Energy, transport and environment indicators 2012

⁹⁹ Enerdata

¹⁰⁰ Challenges and opportunities for centralized supply of heating in Romania, PwC 2011

The public heat supply in Romania based upon power plants and distribution systems that provide heat for a town, city or district area. Current systems are characterized by outdated equipment with low yields (the co-generation) and losses in transportation and distribution of heat (between 10 and 50% in some cases). The low efficiency is due to the disappearance of parallel industrial use of steam and hot water that has lowered service quality, resulted in increased user charges, and has imposed an unsustainable burden on local budgets.

Electricity and natural gas for households was liberalized¹⁰¹ on 1 July 2007, in Romania and 12 other EU countries. In Romania the deregulation of electricity prices is to be accomplished in six stages for industrial sector and ten stages for households by July 2017. Pricing of gas will be deregulated for industrial sector and for households by December 2018. The Law for electricity and natural gas (Law 123/2012) established the calendar for deregulation step by step in order to avoid the negative effects especial for households.

Energy consumption and efficiency potential

According to Eurostat, in 2010 the average energy intensity of the economy of EU-27 countries was 152.1ktoe/1000€. The Romanian economy is now about 2.6 times as energy intensive as the EU-27 average¹⁰².

With the deregulation of gas and electricity prices, the declining trend in energy intensity is expected to continue.

The relative consumption of energy by sector, and the potential of saving estimated under the Romanian Energy Strategy is as follows.

- Industry 31% of total, savings potential 13.0%.
- Households 36% of total, savings potential 41.5%.
- Transport 22% of total, savings potential 31.5%.
- Tertiary Sector 11% of total, savings potential 14.0%.

Romania is committed to a **National 2020 target** limiting greenhouse gas emissions to +19% for non-ETS sectors over the 2005 level (with an overall 2011 emissions level of almost 13% compared to 2005). Projected growth of the economy will generate increased demand for energy and hence, energy efficiency measures are an important pathway to controlling GHG emissions. To this end Romania is committed to a **National 2020 target** of 19% increase in energy efficiency¹⁰³.

Energy efficiency is being pursued within the framework of the National Energy Efficiency Action Plan (NEEAP). The NEEAP describes the planned energy efficiency measures to reach an indicative savings target of 9% (compared to average 2001-05) by 2016. The national target for 2016 was set at 13.5% of average final consumption taken from the period 2001-2005 (with a 2010 target of 4.5%).

In line with Directive 2006/32/EC on energy end-use efficiency and energy services, an assessment of energy savings at the final consumption using top-down indicators was performed during the preparation of the second NEEAP in 2011.

The result of the assessment shows that the total annual energy savings achieved by the end of 2010 (2,222 ktoe) exceeded by far the intermediate target for 2010 of NEEAP (940 ktoe) and is relatively close to the target assumed by Romania for 2016 (2,800 ktoe), but these values are to a great extent attributed to the reduction of energy use due to the recession and partly attributed to sustainable increase of energy performance.

Although investments in energy efficiency can deliver significant climate mitigation and macroeconomic benefits contributing to sustainable development at relatively low cost, Romania

¹⁰¹ Highlighted in European Council Recommendations on Romania's National Reform Programme (June 2013) p9

¹⁰² Highlighted in Commission Services Position Paper (October 2012) p7; European Council Recommendations on Romania's National Reform Programme (June 2013) p9

¹⁰³ Highlighted in Commission Services Position Paper (October 2012) p5, p7; National Reform Programme 2011-13 Progress Report (March 2013) p15.

will face difficulties in accessing finance. Regulatory frameworks and policies alone will not be able to deliver investments at the required scale, unless access to finance is made easier. At an early stage of development of capital and energy efficiency markets, more public funding is needed to provide liquidity and assurance to investors¹⁰⁴.

As a consequence, tailoring financing instruments to national circumstances (economic situation, demographics, and energy prices) and the targeted sector are important to securing energy efficiency investments on the required scale, in addition to appropriate regulatory and institutional frameworks.

GO no. 22/2008 (transposition of the ESD into national law) specifies the need for energy audits performed for high energy consumers.

In 2011 there were 262 energy managers and 201 energy auditors approved by the Romanian state. A survey was made concerning the activity of the authorised energy managers. The analysis showed that the respective economic agents registered energy savings of approximately 33 ktoe/year by the implementation of the energy efficiency measures.

The annual synthesis of the activity developed by 14 energetic auditors, legal persons authorised by RERA, showed that they made 81 energetic balances ended with measures leading to an energy saving of 172 ktoe/year.

Industry

In period 1999-2010 the energy intensity of the Romanian economy decreased by 36.4% (about 4% per annum on average). This trend is partly due to improved energy efficiency and partly due to the structural changes in the national economy.

Services

The public and private services sectors consume about 11% of the final energy in Romania. With the growth of the services, their share of the energy consumption tends to increase. The energy consumption in the sector is mainly through buildings where the services are provided and these are discussed further below.

Residential and non-residential buildings

Buildings are a major consumer of energy and a major contributor to greenhouse gas emissions.

More than 75% of Romania's residential stock was built following World War II. In particular, Romania owns the largest number of blocks of flats in the Central Europe. Some 2.4 million apartments were built before 1985 and are in need of renovation thermal insulation¹⁰⁵.

Non-residential buildings comprise diverse types such as offices, hospitals, schools, cultural buildings, etc. Preliminary data estimates that in 2010 there were 5,982 educational buildings, 4,342 cultural buildings, 51,269 buildings for health services, etc.

During the communist era, public buildings and blocks of flats were constructed to low energy efficiency standards and the renovation of the existing stock was neglected. Until the 1990's measures to reduce energy consumption was limited to a disconnection of energy supply. Minimum requirements for energy efficiency started to be applied only from January 1998. Transposition of the Directive 2010/31/EC on the energy performance of buildings is completed (Law 159/2013).

The residential and tertiary building sector (offices, commercial spaces, hotels, restaurants, schools, hospitals, sports halls, etc.) are the highest energy end-use consumers when heating, lighting, household appliances and equipment are taken into account. As regards to the energy performance of non-residential buildings the energy consumption is higher than of residential buildings¹⁰⁶.

¹⁰⁴ Expert evaluation network delivering policy analysis on the performance of Cohesion policy 2007-2013 (LIDEA) Year 2 – 2012, Task 1: Financial engineering, Romania - Report to the European Commission DG Regional Policy p13

¹⁰⁵ Highlighted in Commission Services Position Paper (October 2012) p5,p7; National Reform Programme 2011-13 Progress Report (March 2013) p15; European Council Recommendations on Romania's National Reform Programme (June 2013) p9.

¹⁰⁶ This conclusion was drawn from a Jaspers project implementation with the Ministry of Regional Development and Public Administration.

The Romanian authorities have assumed responsibility for transposing Directive 2012/27/EC and for implementing the requirement to renovate 3% of the total floor area of "heated and/or cooled buildings owned and occupied by their central government".

The sources of funding and financial arrangements are to be established, and an inventory of buildings owned by central government is currently carried out.

Lighting for public space

Lighting for public space accounts for a large proportion of public energy use in every locality, especially in cities. Reduction of energy consumption could be achieved by the application of innovative technologies or different approaches to public lighting with a significant impact on total energy use and, therefore, on CO₂ emissions.

Romania has a number of 2861 communes and 423 cities. Most of them provide public lighting and the service is either organised at local level (1621 communes/cities) or is provided by the electricity supplier. National statistical data suggest that the electricity consumption for public lighting during the period 2008 – 2011 varied from 640 to 734 GWh/year (including consumption in the public buildings), marking a decreasing trend between 2009 and 2011. However, assuming that the electricity consumption in the public buildings represent maximum 15% of the total, the electricity consumption for public lighting (without the public buildings) represent between 544 and 624 GWh/year.

As far as Romania is concerned, the savings potential is variable, from one city to another and from measure to measure applied. According to information provided within the NEEAP the scale of the savings was estimated from 10% to 40%, but also 63% is mentioned. If a conservative average savings potential of 30% is used, the annual energy savings obtained by improving energy efficiency in public lighting will represent at least 187 GWh/year and would result in at least 76 ktCO₂ emissions reductions annually.

Transport

Across the EU, the transport sector continues to remain the sector with the greatest scale-up in terms of GHG emissions, reflecting growing demand for passengers and goods transportation, as well as the preference of using road transportation instead of other less polluting solutions of transportation¹⁰⁷.

The most recent "*National GHG Inventory of Romania*", released in 2013, reveals that since year 1989 to year 2011 the GHG emissions from the transport sector increased by 92.46%. Urban transport in Romanian cities is largely aged and reliant on bus and minibus services¹⁰⁸. The rehabilitation and renewal of urban transport systems, potentially covering trams, trolley buses and the introduction of intelligent transport, is expected to be a feature of integrated sustainable urban development projects in several cities. In the sustainable mobility plans, in parallel, will be taken measures to discourage car use. Such developments will make a significant contribution to socio-economic objectives, climate change, and air quality increasing and energy efficiency in addition to place competitiveness.

Agriculture, forestry and fisheries

Agriculture and forestry plays an important role in the fight against climate change, a phenomenon that occurs increasingly stronger in recent years, in particular through high temperatures, long droughts and floods. This phenomenon affects the yield of agriculture and forestry, valuable habitats and ecosystems as well as local communities.

GHG emission in the agriculture sector in 2010 was some 16.67 million tonnes, representing a 53.2% reduction from the 1989 level. In 2010, agriculture generated approximately 13.71% of

¹⁰⁷ Highlighted in Commission Services Position Paper (October 2012) p7; European Council Recommendations on Romania's National Reform Programme (June 2013) p9.

¹⁰⁸ Highlighted in Commission Services Position Paper (October 2012) p7.

Romania's total GHG emissions (excluding LULUCF). This is in line with the EU average of around 14%. Nevertheless, Romania aims to maintain a general low level of emissions and to reduce it in those areas of agriculture sector where emissions are high.

The main sources are enteric fermentation (methane emissions (CH₄ – 45.14%), manure management (CH₄ and N₂O – 6.86%), rice cultivation (CH₄ - 0.11%), agricultural soils (N₂O – 47.07%) and combustion residues from agriculture (CH₄, N₂O, NO_x and CO - 0.83%). The main factors in the reduction of GHG emissions from agriculture are the reduction of livestock, the decreasing rice crop area and fertiliser use. Other significant factors contributing to a low level of GHG emissions in the agriculture sector are the low level of mechanization in Romanian agriculture together with small areas covered by greenhouses.

There is potential to mitigate GHG emissions and to contribute to climate change management through measures in agriculture and forestry sectors including:

- agri-environment and organic farming measures including low level of chemical fertilizers and load of grazing livestock per unit area, improving the manure management, reducing the use of mechanised equipment, etc.
- afforestation of agricultural and non-agricultural land which will reduce water runoff and increase carbon sequestration.
- watershed management on agricultural and forestry land to reduce floods and increase soil protection, given the growing number of extreme weather phenomena that is expected.
- adoption of new fuel efficient technologies and renewable energy consumption and production in agricultural and forestry sectors.
- Increased energy efficiency of the fishing vessels and processing units.

Also, investments in fishing vessels and processing units will be supported as a measure to increase the energy efficiency in fishery sector.

Lessons learned

Energy

Regarding renewable energy projects although requests for financing from structural funds have exceeded their initial allocation, a number of beneficiaries claimed financial problems because of the deduction provision related to the green certificate scheme. For the next period complementarity must be ensured between national and Community funds to get the best results on Economic Growth.

As the output generated from local renewables projects increases, their connection with the national power grid and / or storage will be important to enable surplus energy to be used more effectively and for the full potential of renewable energy to be realised.

For 2014-2020 a better dialogue is needed between the Romanian authorities and COM services and also an adequate framing of actions in the operational programmes.

For energy efficiency projects in industry, it was found that:

- the banking sector is reluctant to finance projects in this field.
- the payback time exceeds 3 years and the companies prefer to allocate the available capital to core investment or immediate modernization of their production processes.
- a focus on efficiency gains in industrial projects fails to take account of the main motivation for such reinvestment being enhanced competitiveness; accordingly mainstreaming of energy efficiency requirements where productive investment is being supported is liable to be more effective.

There is a need to better align energy efficiency and other public policies (e.g. green certificates and support for co-generation). Energy efficiency in buildings schemes, financed by Structural Funds, which require co-funding from beneficiaries experienced low take-up because previously there were schemes providing 100% public support.

Other lessons learned refer to the need:

- for a coordinated bridge financing system
- to create facilities in order to counterbalance the lack of financial resources for LPAs;
- to correlate the legislative framework in the areas covered by the Structural Funds support measures (eg green certificates, support for cogeneration);
- to better correlate and more clearly specify the delimitation between programs;
- to identify new types of eligible applicants or focus on a specific category of beneficiaries (eg large energy consumers from industry, producers of less exploited renewable energy types, manufacturers of heat from renewable resources); for a better preparation of major projects.

Informed by the findings of the analysis of Development Challenges and the SWOT Analysis (**Annex I**), **main development needs are:**

Energy and climate change mitigation

- Increasing the share of energy generation from renewable sources, focusing mostly on resources currently lagging behind and facing low interest from investors.
- Strengthening security of energy supply, by expanding and improving energy transmission and distribution networks for better integration of energy produced from renewable sources.
- Improving energy efficiency and security of supply through the development of smart energy distribution, storage and transmission systems.
- Rehabilitating and extending the use of modern and efficient public area heating systems where these are demonstrably financially sustainable.
- Securing carbon particularly in agriculture and forestry.
- Enhancing energy efficiency in the residential and public building stock and the public realm, including in public lighting.
- Improving the energy efficiency of transport, including urban transport systems and the fishing vessels.
- Exploiting public investment in energy efficiency, to create new markets potentially available to SMEs and social enterprises and additional jobs, particularly in Romania's less developed regions and in rural areas.
- Reducing greenhouse gas emissions in agricultural and forestry sectors.

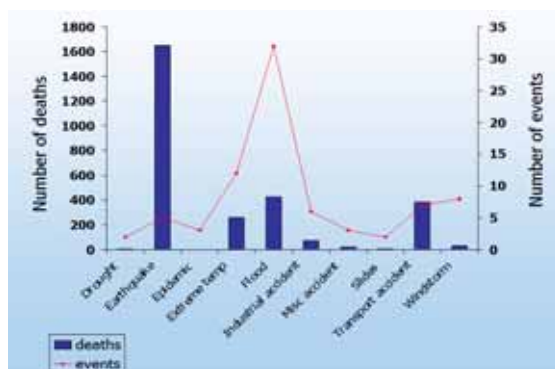
CLIMATE CHANGE ADAPTATION, RISK PREVENTION AND MANAGEMENT

The Romanian global objective for 2020 in the risks management sector is to further reduce the vulnerability to all risks, while improving the access of people in need to quality emergency services. Romania seeks to achieve this aim by completing the national risk assessment and by improving its administrative capacity to respond to disasters in order to gain a substantial reduction of disaster losses, in lives and in the social, economic and environmental assets of communities. The vision to be achieved has as starting point the process of accurate identification of the problems to be solved in the established timeframe, by completing the national risk assessment. While promoting a holistic approach on risks, the focus will be on the risks generated as effect of climate change, such as floods, and drought, coastal erosion and forest fire.

The responsibilities of Member States for public protection, reinforcing resilience to natural and man-made disasters and for disaster risk reduction are established under international treaty and European policy and legislation¹⁰⁹.

¹⁰⁹ Including: Hyogo Framework for Action 2005-2015: Establishing a disaster resilience capacity of the nations and communities; Post-2015 Framework for Disaster Risk Reduction; the EU2020 Strategy; EU Internal Security Strategy in Action: Five steps towards a more secure Europe; European Territorial Cooperation; transnational cooperation in the framework of the Danube and Black Sea macro-regional strategies

During the past decade, Romania has experienced numerous emergencies. Recurrent floods, forest fires and drought have caused extensive loss and damage across the country. In some situations, the national response capacity was exceeded by the severity of the disasters.



Hazard incidence and no. of deaths 1974 – 2010

Romania is subject to two main sources of risk:

- **risks that arise from or are exacerbated by climate change** (floods, drought, forest fires).
- **natural and man-made disasters** (earthquake, landslides, coastal erosion, nuclear/radiological, chemical accidents, transport of hazardous materials).

Risks Arising From or Exacerbated by Climate Change

Floods¹¹⁰. In Romania approximately **1.3 million hectares** are subject to natural potentially affecting approximately **500,000 inhabitants**. In terms of **territoriality**, the main areas affected are located along the main rivers Danube and the Romanian Plain (Siret, Buzau County; Arges, Olt, Jiu Rivers) and the Banat-Crisana Plain (Somes Cris, Mures rivers).

In mountainous and hilly areas where river beds are steeply sloping (100-200 m/km) and in narrow floodplains, powerful floods may be accompanied by intensive erosion of river banks, resulting in landslides that may bar valleys.

The North, West and Central areas of Romania have recorded an increased incidence of flooding that is attributed to climate change. During last 10 years, almost every year, significant floods and flash floods have occurred. 142 people were killed by floods, 27.000 houses and thousands of km of national roads were destroyed and hundreds of thousands hectares of land hectares were inundated. The total costs of damages are estimated at around €6bn. The major floods of 2005 and 2006 had a particular impact in terms of population affected, loss of life and destruction to infrastructure and private property.

Drought¹¹¹. The frequency and severity of drought in close relation to climate change are projected to increase significantly. In southern and eastern Romania, a reduction of 20% in water resource has been estimated. Regions that are currently dry are expected to become drier and could be affected by desertification in the future.

In terms of **territoriality**, areas most affected are the Oltenia Plain and the Bărăgan Plain which are today the most vulnerable areas to water scarcity (delimited by the red line in Figure 1) and where approx. 40,6% (7.740.510 persons) of country population lives¹¹². The Bărăgan Plain is Romania's main agricultural area and the climate change effects could affect food security. Average yields of various crops in drought years are only 35-60% of the potential. In 2011-2012 drought strongly impacted about 5.9 million hectares, with the level of losses varying over different area and culture.

¹¹⁰ Highlighted in Commission Services Position Paper (October 2012) p8.

¹¹¹ Highlighted in Commission Services Position Paper (October 2012) p8.

¹¹² Source regarding the number of population: NIS, 2011

The scale of the losses covered a wide range -18.6%, for wheat yields, -80.2% for rape, and -46.1% for corn yields. This had a severe impact upon farm incomes.



Fig. 1 - Estimations of the zonal distribution of soil moisture reserve in Romania in the context of predictable climate change

Drought has significant impacts beyond agriculture by impairing the regularity of the public water supply in affected regions and the power generation. In 2012, reduced water levels, the hydro-energy production programmed for 2012 was shortened by c. 2,277 GWh. In addition, low water levels affect cooling capacity at Romania's nuclear power stations, resulting in reduced operating levels and safety margins.

The Danube Delta Biosphere Reserve was also affected by the drought, with up to 56km of canals clogged, a reduction of the water surface, a reduction of the water depths in lakes and pools and an enhanced danger of eutrophication of these lakes.

Additionally, higher temperatures in Romania due to climate change significantly impacts on health condition (with increased incidence of fainting, vertigo, stroke, hypertension, cardiopathy, pulmonary edema) especially in urban areas where the urban heat island adds effects to heat wave influences.

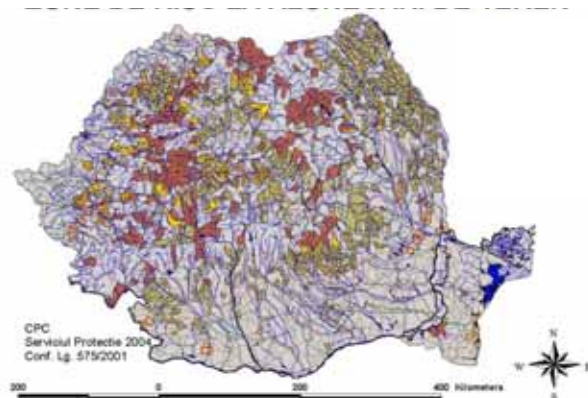
Besides these losses mentioned before, major losses due to the drought and its effects were recorded in the forests areas, being affected 1,483 hectares of forests, 393 hectares of sapling plantations, loss of about 1,800 tonnes of wild fruits).

Forest fires. Historically, Romania didn't experienced a very high risk of forest fires. However, the data sets from the past 26 years reveal an increasing incidence since 2000 (with more than 300 wildfires occurring in 5 out of last 13 years) and reaching a historical maximum of 911 fires (2012) in forests with a total area of 6,624.5 ha affected. This is significant taking into account the constant decreasing of forest areas.

Other natural and man-made risks

Earthquake. In Romania, earthquakes are mostly tectonic in origin, with epicentres in the Vrancea area. Risk analysis, mapping and evaluation are on-going. Preliminary results indicate that 75% of the Romanian population (cca. 15 million inhabitants), 60-70% of fixed assets and 45% of critical infrastructure are exposed to some level of earthquake risk. From past experience, earthquakes are one of the most prominent natural hazards in Romania, with potential for significant casualties and damage to buildings and infrastructure. The impacts of the last severe earthquake (4 March 1977) were: 1570 deaths; 11300 injured; 35000 displaced families; 32900 damaged buildings; over 2 billion USD in financial losses.

Landslides. Landslides are well spread across Romanian territory. Massive landslides took place in 1979, 1983, 1997 and 2000-2012. More than 35 municipalities, 80 small towns, 900 villages and 7 river basins cumulating 539,589 hectares (2,26% national territory) are assessed as being exposed to landslide risk.



Coastal erosion. For several decades, the Romanian Black Sea shore has experienced serious beach erosion problems at the rate of up to 2.0 m per year. Over the last 35 years the shoreline has retreated inland between 180 to 300 meters and 80 ha/year of the beach has been lost. Main causes include reduction in the sediment discharged into the Black Sea by the Danube River (due to the many retention works developed within the Danube River Basin) and the influence of the works carried out at the mouth of entrance Sulina channel and for Midia, Constanta and Mangalia harbours. Also, reduction by 50% of the shellfish stocks has contributed to the reduction of bioorganic sand deposited on the Romanian shoreline. The studies reveal that without proper measures against coastal erosion, the shoreline is expected to retreat by 70 m on the average in twenty years.

Many cliffs are also being eroded by wave abrasion at their feet and/or slip failure in their upper part. The cliffs have been eroded at a rate of about 0.6 m per year in the places where no protective measures have been implemented.

Constanta and Tulcea counties have 458,000 residents situated in the coastal area and potentially affected. Investment in 2014-2020 to protect the population, tourism and transport assets will be prioritised in the framework of the Master Plan on Coastal Protection and Restoration.

Nuclear/radiological. Romania is subject to potential accident involving nuclear/radiological materials. The most serious risks are associated with the three nuclear power plants at Cernavoda and Pitesti in Romania and at Kozlodui in Bulgaria. In addition, there are some 79 authorised radiological facilities spread across the country which represent an off-site radiological risk.

Chemical accidents. The risk of chemical accidents in Romania mainly relates to the 295 operations subject to the provisions of the Seveso Directive. Approximately 30% of the population is assessed as exposed to industrial chemical industrial risk. The risk posed by Seveso II establishments are: toxic risk (mainly from ammonia, chlorine, hydrochloric acid, hydrogen sulphide, carbon disulphide) – 35% and fire/explosion risk – 65%.

Over the last decade there were 42 registered incidents, out of which 8 involved total costs estimated at approx. €4.5m (91,87% - site costs and 8,13% off-site costs). The costs were incurred by material losses and also intervention, cleaning and ecological restoration, on site and also off site.

Transport of hazardous materials. Approximately 15% of the total goods transported in Romania is represented by dangerous substances and with 50% transported by road, 30% by rail and 20% by waterways.

The main types of waste which were transported in Romania in 2012 are: oils with PCBs, lead batteries, waste organic and inorganic chemicals, packaging containing residues of or contaminated

by dangerous substances, waste oil, waste paint and varnish vessels, sludge from tanks, motor oil, pesticides, solid waste, scrap refrigeration, acid batteries, fluorescent lamps and waste from health units.

Domestic fires. In Romania, the most present risk is domestic fire. The recorded data shows an average of 12000 fires per year in the last 5 years. The impact on human losses shows an average of 200 deaths and 500 injured per year.

Prioritisation of risks

In addressing funding needs for combating risks, Romania has in view the disaster impact and frequency in the last decades. At the same time will be used the results of the risk assessment project „Support for fulfilling ex-ante conditionality 5.1 – National Risk Assessment”. In scenarios proposed for funding will be financed no regret projects which will take into consideration the human losses as well as the financial and economic impact.

Another aspect to be taken into account in this approach is the degree of maturity of the specific risk assessment, giving first priority to emergency risk assessments that have already been initiated, in order to decrease as soon as possible the impact of these risks and to contribute to a sustainable economic growth.

Management of risks

Given the range of natural and man-made risks confronting Romania, it is not possible to completely eliminate the risk. Nevertheless, a more effective management¹¹³ of risks could reduce the direct and indirect social and economic losses, as well as the need of external support. The impact of flood, in particular, has determined Romania make several requests for financial support from EU Solidarity Funds.

Therefore, Romania's approach to the management of risks comprises:

- coordination;
- assessment and mapping of risks;
- monitoring of risks;
- prevention and mitigation measures;
- developing and maintaining an adequate response capacity.

Coordination. Romania has a functional National Emergency Management System¹¹⁴ since 2004 which takes a holistic approach regarding disaster management. During emergencies, a National Centre for Emergency Management assesses the situation and coordinates the intervention. It comprises personnel from the General Inspectorate for Emergency Situations (GIES), as well as experts and specialists from ministries and central public institutions that provide support functions. Responsibilities for risk assessment and risk prevention are spread over relevant Line Ministries¹¹⁵. GIES is responsible for managing the response across all risks.

Assessment and mapping of risks. A set of working instruments for national risk assessment will be developed under the project „Support for fulfilling ex-ante conditionality 5.1 – National Risk Assessment”. This project will provide also a first report on the risks confronting Romania, including a prioritisation of risks.

The project will build upon the substantial progress made in recent years with support from Structural Funds in assessing and mapping specific risks. Figure 2 summarises the level of maturity and preparation for tackling the main risks highlighted above.

¹¹³ Highlighted in Commission Services Position Paper (October 2012) p8.

¹¹⁴ Established under Government Decision

¹¹⁵ For example, Ministry for Regional Development is responsible in relation to earthquakes; Ministry for the Environment for air quality and flood etc.

Main risk	RISK ASSESSMENT						
	Risk identification				Risk analysis		Risk mapping
	Hazard identification	Exposure	Scenario description	Vulnerability	Estimation of likelihood	Estimation of impact	
Earthquake							
Floods							
Landslides							
Nuclear/radiological							
Chemical accidents							
Drought							
Hazmat							
Transport							
Forest fire							
Epidemics							
Epizootics							

Legend: mature (green), on going (yellow), initiated (orange), not addressed (red)

Fig. 2 - Risk Assessment: State of Maturity

In the Romanian sector of the Danube floodplain, substantial progress has been made with developing hazard and flood risk maps under the Project Danube FLOODRISK, started after the historic floods in 2006 and finalized in 2012. Currently, MECC coordinates the development of hazard maps in each river basin, funded by European funds through the SOP – Priority Axis 5. Hazard maps on floods are currently 80% complete. However, work on other risks is at an early stage of development.

However, a National Working Group for Risk Assessment (GLERN) is to be established, consisting of experts in risk assessment from central authorities and independent experts from the academic and private sectors. GLERN will have responsibility for coordinating government efforts in risk assessment, analysing and integrating the results, preparing and submitting of periodic reports to the EC on risk reduction measures identified to PNNRD and on the progress of Romania made in this field.

Monitoring of risks. Monitoring of risks is carried out by a centre within each of the Line Ministries with responsibility for a given risk. These centres feed into GIES which is responsible for informing local authorities which has statutory responsibility for informing and protecting the population.

The monitoring systems vary in extent and sophistication. For example, a seismic sensory system has been developed in cooperation with Bulgaria along the Danube corridor. The need for further extension / upgrading of this and other early-warning and monitoring systems will be assessed and prioritised under the National Risk Assessment.

Prevention and mitigation measures. Prevention measures are the responsibility of the competent Line Ministries for each given risk. Prevention measures span over education, non-structural measures such as construction standards, preparedness measures such as training and exercises.

In order to improve the local flood management, the Ministry of Environment and Climate Change developed manuals for emergency management in case of floods and drought. These manuals summarise the preventive, operative and rehabilitation measures which are taken at the county and local level in emergency situations caused by floods and drought. These manuals were distributed in the territory and in the period March - May 2013 a training campaign was held in all counties.

As noted above, the prioritisation of mitigation measures is provisional pending production of the National Risk Assessment. Nevertheless, the combination of economic impact and the availability of scope to intervene suggest that measures to address the climate change associated risks will be prominent in the medium term.

Actions concerning adaptation to climate change will be developed in the framework of The National Climate Change Strategy for 2013-2020, adopted in July 2013 and to be complemented by the National Action Plan for Climate Change. The strategy encompasses a comprehensive overview and proposes key measures and actions for various sectors falling under mitigation and adaptation objectives and has two main directions for action:

- reduction of greenhouse gas emissions and depletion of the soil carbon stock.
- adaptation to the negative effects of climate change through actions at national§oral level.

Actions to address flood risk will also take into account the National Strategy for Flood Risk Management¹¹⁶ which defines a framework for coordinated, inter-sectorial action in order to prevent and reduce flood consequences on socio-economic activities, life and health and the environment. These are likely to include:

- non-structural and passive measures on land management such as afforestation and agricultural practices which reduce runoff, relocation or creation of flood expansion areas.
- infrastructural measures to store / divert flood waters, in case non-structural measures would be insufficient.

Actions to address drought are likely to include:

- the recourse to economic instruments, discouraging excessive water abstractions in region suffering from water scarcity
- the adoption of more efficient methods of using water, particularly in agriculture.
- the use of more drought tolerant crop species and those that achieve maturity outside the summer peak of water demand.
- where justified on economic and environmental grounds, notably in areas at risk, the soil water reserve decreasing below the level from which plant wilting can recover, the creation and / or rehabilitation of water infrastructure, including innovative measures.

Actions to address coastal erosion will be undertaken in the framework of the Master Plan Coastal Protection and Restoration which aims to prevent coastal erosion, to rebuild coastline and restore coastal environment, to protect marine and coastal ecosystems, and to protect the economic and social interests from the impact of marine erosion.

Developing and maintaining response capacity. Romania's response capability comprises GIES coordinating input from different services (as the fire services, the police, the armed forces) via the Ministry of Internal Affairs, local authorities and volunteers in the affected areas. In exceptional circumstances GIES may draw down international support organised through bilateral agreements with neighbouring countries, which may be enhanced in future under the Danube Strategy, and through international mechanisms such as the European Civil Protection Mechanism and the Euro-Atlantic Disaster Response Coordination Center of NATO.

Coordination of a major incident places a premium on information, command and control, not least to protect the well-being of the first responders. Lessons learned from major incidents have highlighted situations where resources were over-stretched and could have been applied more effectively. Accordingly, an upgrading of the Incident Command System and associated IT systems is seen as a priority.

Effective intervention also depends of the scale, dispersal and speed of response units. A large proportion of Romania's fleet of intervention vehicles are outdated, about 68% of intervention vehicles being more than 10 years old and almost 60% are more than 20 years old further development of the capacity to provide a timely access to emergency response services, including by a centralized program aimed to replace the intervention equipment and vehicles, is needed.

Investment will be prioritised in line with the findings of the risk assessment and is likely to include the creation of rapid response centres specialized in different types of missions by upgrading and improving the current specific intervention means needed for such missions.

Development of the training system of professional personnel involved in emergency situations, including by development of training centres is one of the critical factors in the implementation of the strategy and achieving the vision.

¹¹⁶ Approved by the Government Decision No. 846/2010

Main development needs

The identified development needs are in line with the first results of the:

- National Strategy on Climate Change;
- outcome of the future national risk assessment
- National Strategy for Flood Risk Management in the medium and long term, developed taking into account the provisions of Directive 2007/60/EC on the assessment and management of flood risk;
- River Basin Management Plans (for the 11 River Basins of Romania) elaborated by National Administration "Apele Romane", in accordance with the provisions of the Directive 2000/60/CE;
- Master Plan Coastal Protection and Restoration.

Informed by the findings of the analysis of Development Challenges and the SWOT Analysis (**Annex I**), **main development needs are:**

- Improving Romania's capacity to anticipate, to prevent and to respond to extreme natural and man-made emergencies.
- Improving Romania's adaptation and resilience to the negative consequences of climate change and, in particular, the increased incidence of extreme heat, drought and flooding events in the Framework of the National Climate Change Strategy.
- Improving Romania's adaptation and resilience to other natural risks.
- Exploiting public investment in climate change adaptation to create new markets potentially available to SMEs and social enterprises, particularly in Romania's less developed regions and in rural areas.

PROTECTING THE ENVIRONMENT AND PROMOTING RESOURCE EFFICIENCY

Romania's global objective for 2020 in the field of environment and resource efficiency is to improve the environment and living standards, in order to achieve a more competitive economy, a better environment and more balanced regional development, while focusing at the same time on meeting the environmental acquis. The goal is to decrease Romania's environmental infrastructure gap with the EU both in respect of quantity and quality. Biological diversity, natural habitats, wild species of fauna and flora will be conserved and protected areas, including Natura 2000, effectively managed. In order to achieve these aims, investments will be oriented mainly towards environmental infrastructure, ecological rehabilitation, Natura 2000 management plans and efficient management structures for environmental services.

Water / Wastewater

According to the River Basin Management Plans, the costs for basic and additional measures related to the implementation of the Water Framework Directive are around 21 billion Euros. The majority of these measures are related to drinking water quality and wastewater collection and treatment - 17.16 billion Euros during the period 2007-2027 (under SOP Environment 2007 - 2013 are invested is invested so far a total value of about 5.8 billion Euro). Although Romania obtained a transition period through the Accession Treaty, the implementation of the Drinking Water Directive (DWD) - until 2015 and Urban Waste Water Treatment Directive (UWWTD)- until 2018 continues to be a complex and difficult task. As a consequence, the extension and modernisation of the water and wastewater infrastructure continues to be one of the most important priorities in improving the living standards and in implementing the environmental Acquis.

As regards the quality of drinking water, the main obligation under the DWD¹¹⁷ is to meet the quality standards of drinking water provided by centralised systems. Underground waters have an important role as supply sources for drinking water, and diffuse pollution of aquifers (with fertilisers

¹¹⁷ Highlighted in Commission Services Position Paper (October 2012) p7; Romania's NRP commitments 2013 p5.

and other pollutants) is a problem, especially in rural areas. The drinking water provided by small systems in rural areas is insufficiently monitored and individual water sources are monitored only sporadically. Outdated and insufficient laboratory equipment for monitoring drinking water quality at the regional and county level is the main impediment to adequate analysis.

As regards the Accession Treaty, the compliance to the provisions of the UWWTD is gradual and monitored for collection of urban wastewater (61% in 2010, 69% in 2013, 80% in 2015) and treatment of urban waste water (51% in 2010, 61% in 2013 and 77% in 2015), where % represents the total biodegradable loads generated in urban areas. In Romania, in June 2013 the rate of connection to the sewage systems was 59.40% and treatment 49.13% (% from total biodegradable loads in p.e.) both of which need to be increased within agglomeration above 2,000 p.e. Reflecting the provisions of the UWWTD and the fact that Romania declared its entire territory as sensitive area (2005) all urban areas with more than 10,000 PE are required to undertake advanced treatment (tertiary treatment), especially regarding nutrient removal (nitrogen and phosphorus) by 2015. This obligation will require substantial additional investment, considering that the current functioning wastewater treatment plants (WWTPs) provide secondary treatment only, while a fraction of the necessary plants providing tertiary treatment are presently under construction.

The declining population, especially in rural area, contributes to a significant increase in the number of agglomerations with less than 2000 p.e. In order to assure an “appropriate treatment” at the level of these kinds of agglomerations financial support is needed, mainly due to the economic difficulties from these areas for the settlements that are part of the Master Plan level and are economically feasible.

A further important issue deriving from WFD relates to improving institutional capacity for monitoring substances discharged into the waters. To this end, Romania has already made significant investment in improving its water monitoring capacity but the additional obligations under Directive 208/105/CE will necessitate the development of a National Laboratory dealing with water analysis.

On the other hand, in order to reach the environmental objectives of Water Framework Directive established in Water Management Plans the improvement of hydro-morphological conditions of water bodies have to take into account. The investments related to implementation of hydro-morphological measures are evaluated at Euro 1.3 bn.

Waste

Romania is in the process of developing European standard waste management. In 2010, only 70% of the population had access to municipal waste collection service. However, the projects planned under the SOP Environment 2007 – 2013 are expected to provide 100% coverage.

Responsibility for separation and collection of waste rests with the public local authorities, which may contract the necessary services from private companies (sanitation companies). Until recently, there was mainly mixed waste collection with limited separation (by 2010, only 698 localities had implemented a selective waste collection system)¹¹⁸. Under Law no. 211/2011 on waste, Romania is introducing selective collection in three fractions for public local authorities¹¹⁹. However, there is a need to extend separate collection coverage in all counties to reach the targets of the Waste Framework Directive which requires recycling of at least 50% of household waste by 2020 and recycling recovery of at least 70% of construction and demolition waste. Construction and demolition waste from households should be managed by local authorities, while the others will fall under the responsibility of the waste producers. In 2010, out of 5,325,810 tons of municipal waste collected by waste disposal operators (excluding construction and demolition waste), only 296,140 tonnes were recovered by material recycling or other recovery operations.

¹¹⁸ Highlighted in Commission Services Position Paper (October 2012) p8.

¹¹⁹ Regulation GD 247/2011 on packaging and packaging waste management; Romania's NRP commitments 2013 p5 and p6.

Romania has a transition period until July 2017 to phase out non-compliant landfills. New compliant landfills will be constructed as a part of the Integrated Waste Management System respecting the waste hierarchy. At the end of 2012, 72 non-compliant landfills, 33 compliant landfills and 51 waste transfer stations were operational.

The EU aims to reduce reliance on landfill for the disposal of waste¹²⁰ and has a proposal for an aim towards an increased share of renewable energy¹²¹. The EU's approach for energy and climate under the last 10-15 years have been directed towards decreasing the emissions of greenhouse gases, increasing the share of renewable energy and to decrease the dependency on imported energy. These three objectives go hand-in-hand when energy is recovered from waste. At present, Romania has negligible capacity to recover energy from waste compared with the 35 to 50% processed in waste to energy facilities in countries such as the Netherlands, Germany, Austria, Belgium, Denmark, and Sweden¹²². However, the need and opportunity for new/upgraded investments for the waste to energy sector in order to meet the objectives of the landfill directives still needs to be confirmed based on further studies.

Biodiversity

The EU Biodiversity Strategy to 2020 and the National Strategy and National Action Plan on Biodiversity Conservation 2013-2020 establish as general directions

- promotion of the innovative traditional knowledge, practices and methods and clean technologies as support measures for the conservation of biodiversity.
- integration of biodiversity conservation policy into all the sectorial policies.
- the restoration of degraded systems, along with protection against decline of biological diversity in genetic resources, species, ecosystems and landscape.
- the improvement of the communication and education in the field of biodiversity.

As a MS of the EU, Romania has to establish and strength the Natura 2000 network on the Romanian territory (383 sites of community importance - SCI) and 148 special protection areas - SPA). Other national protected areas declared by Romania are: Danube Delta Biosphere Reserve; 13 national parks; 15 natural parks, out of which two geo-parks; 925 scientific reserves, natural reserves and natural monuments. Given the multiple overlapping protected areas, a single administrator or custodian has been appointed to manage an area even though it is set on several types of protected areas. Presently 42 administrators and 289 custodians were appointed. They have in custody/administration 101 SPA's and 229 SCI's. By the end of July 2013, only 5 management plans and 11 management regulations have been approved, out of the total of 272 plans/regulations drafted through SOP ENV. For 21 management plans and 36 management regulations approval procedure is on-going and 38 management plans and 95 management regulations are under assessment procedure.

In this context, the main obstacles for adoption of Natura 2000 management plans/regulations refer to: very long and difficult approval process; lack of resources engaged in assessing management plans; poor quality of some management plans (low level of understanding on how to apply the legislation, how to elaborate a management plan); restrictive measures in protected areas are difficult to get accepted due to a lack of compensations for land owners. Urban areas are particularly affected by a loss of biodiversity from the impact of development. Consequently, it is necessary to promote a green infrastructure, through e.g. ecological corridors, green bridges and eco-ducts to re-connect natural areas that have been artificially divided, and by maintaining corridors and landscape elements that connect protected areas in order to form a functioning network.

¹²⁰ Directive 1999/31/EC on the landfill of waste.

¹²¹ Directive 2009/28/CE on the promotion of energy from renewable sources.

¹²² Source: Eurostat.

Large areas, especially in the mountains and hills are threatened by the abandonment of agricultural activities which can affect both biodiversity and rural viability. Under the current RD program an area of 2,520,000 ha of agricultural land was identified as mountain area characterized by a considerable limitation in using the land for agricultural purposes, while 1,795,000 ha as areas facing natural and other specific constraints. By 2012, farmers holding a total area of 1.785.490 ha of the identified mountain areas mentioned above and 1,605,190 ha of areas facing natural and other specific constraints, received payments granted through EAFRD to support their undertaking to pursue farming activities and avoid abandonment.

Out of 2,400,000 ha. of the High Nature Value (HNV) grassland identified, 1,191,588 ha. have been protected under the current RD program by granting financial compensation to farmers who undertook commitments to apply management requirements. Besides HNV grassland protection, agricultural land management measures were designed and implemented with EAFRD financially support, covering an area of 84,313 ha., to protect a number of 4 threatened farmland bird species and 4 subspecies of butterflies. Although these populations of wild species and natural and semi-natural habitats appear to have remained stable over the last 25-30 years, there is a risk that new trends to enhance farming practices or abandonment of agricultural lands have a negative impact. 53% of the Romanian forests¹²³ are protected and different forest management regimes are applied according to their function. In the context of climate changes, measures need to be developed to enhance the value of forest protection function. Also, measures for the integrated management of mountain forests and watercourses need to be established (torrents correction, landslides mitigation, avoiding clogging of water course).

The marine environment of the Black Sea has been the focus of environmental policies (particularly in the Danube Basin) for the past 20 years and has experienced a slow but continuous recovery:

- reduced nutrient inputs has resulted in a reduction of algal bloom but this phenomena is still present.
- benthic species biodiversity has improved, increasing from 20 (in the 1990s) to almost 40 at present.
- zooplankton has been recovered particularly in offshore area, but is still vulnerable in the shallow.
- fish fauna is still in a critical situation (sardines, blue mackerel, bonito fish etc.) even if the Romanian fishing capacity decreased tremendous after 1990.

Romania aims to support the fishing sector and related activities in reducing its environmental impact. The use of selective fishing tools, gears and methods will contribute to the preservation of the aquatic habitat, accompanied by measures to strengthen the administrative capacity (especially activities regarding data collection, inspection and control in order to deter IUU fishing and to protect the environment).

With regard to aquaculture, both the preservation of aquatic eco-systems and the application of safety measures to prevent escapes from farms that could affect wild species biodiversity are taken into consideration.

Air quality

Air quality remains a problem in Romania, particularly in urban and industrial areas. In 2010 the ambient air quality remained constant in zones and agglomerations where levels of pollutants were below the limit values for human health protection. At the rural background stations no exceeding of the critical level for vegetation protection was recorded for NO₂, SO₂, O₃ and CO. The concentration of particulate matters (PM₁₀) remains high in agglomerations, but air quality management programs were developed and the concentration of particulate matters (PM_{2.5}) the annual average concentration in 2010 was below the limit plus the tolerance. Regarding the

¹²³ Total area of the Romanian national forest is 6,519,470 ha and represents 27.7% of the country - National Institute of Statistics

concentration of NH₃ in the ambient air, exceeding of the maximum allowable daily concentration were recorded in some counties.

In order to improve air quality and to determine appropriate measures, the National Air Quality Monitoring Network was established consisting of 142 fixed stations, covering the whole of Romania. The additional provisions under Air Quality Directive 2008/50/EC require a new approach to air quality assessment, including the new pollutants which should be monitored (Heavy metals – As, Hg, Cd, Ni; PM_{2.5} and PAH). It will be necessary to upgrade and develop the National Air Quality Assessment System taking into consideration the following:

- reinvestment will be required in the national network where some equipment has been working continuously over 10 years; many stations should be improved with the new equipment for measuring the new pollutants;
- should the national air quality assessment that will be prepared by the end of 2013 identify a need for more fixed stations, so it will be necessary to upgrade and extend the National Air Quality Network;
- development of a dynamic forecasting system for air quality;
- development of an unique and interactive system for inventory of the emissions of pollutants into the atmosphere in order to fulfil the requirements of INSPIRE Directive.

Soil

During 1950-1990, Romania's soil and water were heavily damaged by industrial and agricultural pollution, salinization, acidification, erosion, desertification, and landslides that today pose a major risk to human health and to the environment.

A major problem facing Romania is contamination of soil and groundwater as a result of intense industrial activities carried out prior to 1990. In 2008, in Romania have been identified 1,628 potentially contaminated sites for the main sectors of activity, divided by type activities/sectors as follows: mining and metallurgy - 158; petrochemical industry - 839; chemical industry - 91; other activities on a large scale – 540. This inventory can be considered a first step, indicating the main sectors involved. Most of these sites are abandoned and need rehabilitation. Remaining plants on these abandoned sites often contain hazardous substances that represent risks to human health and the environment. The restoration of degraded areas requires in most cases, decontamination of soil, groundwater and land brought closer to its natural state or ground water at a higher quality, and restoring biodiversity by restoring their related ecosystems. To implement recovery measures degraded areas due to contamination or other factors/processes, and sustainable management of land, Romania needs financial support to enhance efforts to restore contaminated sites and to improve the integration of land use in coordinated and integrated decision-making, involving all relevant levels of public authorities. Currently MECC is upgrading the lists of contaminated sites, which is to be approved by the end of 2013 when the National Strategy and National Action Plan for contaminated sites management is to be also promoted. The prioritisation principles based on which the projects will be developed refer to: protection of human health and the environment from the effects of contaminants resulting from human activities; remediation of contaminated sites, so that a proper condition could be reached for future local development and socio-economic re-use.

Reduction in the use of agricultural fertilisers and pesticides has seen an improvement in the quality of the Romania's surface waters (fertiliser use in 2005-11 was on average more than 70% reduced from 1989). However, given the levels of nitrates accumulated, particularly in groundwater, further soil and water conservation measures will be needed, particularly by implementing good agricultural practices. This will be particularly important in the context of the transition to more intensive agriculture foreseen in the next period.

Actions that reduce the threat to water resources and combat soil degradation will continue to be important. Among these are agro-environment measures, which contribute significantly to reducing use of chemical fertilisers, preventing nitrate leaching by using green cover crops, improving of manure management, reducing the load of grazing livestock per unit area, reducing the use of mechanized equipment or increasing the water absorption of soil, which leads to a decreased risk of flooding.

Organic farming

The area under organic farming more than doubled between 2007 and 2012 to stand at 300,000ha, while spontaneous flora cultures were collected over an area of approx. 538,000ha.

The number of operators registered in the organic farming system in 2012 was 15,373. It has increased threefold over the previous year in 2010 and twice in 2011. At present, the domestic market for organic products is expanding, organic products being sold directly at the farm gate, in markets, specialized stores and large chain stores.

Organic farming will add a valuable contribution for water and soil resources protection (e.g. support to achieve standards under the Nitrate Directive and support to sewerage systems or investments in manure management). Afforestation of agricultural and degraded land will also contribute to water and soil conservation by maintaining water quality, preventing soil erosion and reduce the risk of floods, this being part of the National Reform Program.

Cultural heritage and natural sites

Romania has a well-diversified and balanced tourism potential, mainly concentrated in the Carpathians, the Black Sea coast and within areas with cultural traditions. An important feature is that the undeveloped areas possess the most important tourist attractions. These areas can be revitalized by exploiting the natural and cultural tourism potential. Most of Romania's mineral springs remain undeveloped. Health tourism is considered one of the market segments with the highest potential, both in terms of Romania's resource position and worldwide trends. Underinvestment in tourist accommodation and treatment facilities within health and spa tourism resorts represent an important issue to be solved in order to induce local development.

In Romania, cultural heritage is in crisis. The physical condition of monuments is gradually worsening and losses are higher than in other European countries. A consensus in favour of protecting and preserving the cultural heritage is needed.

The built environment represents the most widely distributed aspect of cultural heritage in urban centres, and includes historic houses and buildings used for business purposes. Religious buildings also serve as important cultural landmarks. All of the major cities (Bucharest, Brasov, Cluj, Iasi, Craiova) have a significant endowment of culturally important buildings.

Main development needs

The identified development needs are in line with the first results of the:

- the River Basin Management Plans.
- National Waste Management Strategy 2014-2020.
- the Sludge Management Strategy.
- the National Strategy and National Action Plan for the Management of Contaminated Sites.
- the National Strategy and National Action Plan on Biodiversity Conservation - for 2013-2020.
- the Strategy for Culture and Patrimony 2014 – 2020.

Informed by the findings of the analysis of Development Challenges and the SWOT Analysis (**Annex I**), **main development needs in relation to environmental protection and resource efficiency are:**

- Extend public access to water and wastewater services, in the context of the Water Framework Directive and its River Basin Management Plans;

- Facilitate transition of waste management to a market-led system based upon the waste hierarchy in the context of the Waste Framework Directive;
- Protecting, conservation, restoration and sensitively exploitation of Romania's cultural heritage and natural assets, including landscape, farmland, forests, inland and coastal waters, protected areas, biodiversity;
- Development and improvement of the air quality assessment;
- Addressing the legacy of derelict and polluted sites and to manage current sources of pollution;
- Exploiting public investment in environmental protection to create new markets potentially available to SMEs and social enterprises, particularly in Romania's less developed regions and in rural areas.
- Decrease abandonment of agricultural activities.

ADMINISTRATION AND GOVERNMENT CHALLENGE

General

The **Europe 2020 Strategy** aims to promote a competitive and efficient economy (in terms of use of the resource), based on smart growth in the context of the existing global challenges. In this respect, the recovery of the economy and the financial system and for the improvement of the business environment in order to stimulate productivity, seen as a precondition for ensuring long-term economic growth. These objectives cannot be achieved in an efficient manner without a proper **development of governance and public administration**.

In terms of short key priorities of the EU 2020, there is a need for restoring the financial sector in order to create a solid and stable system, able to finance the economy. In this respect, the relevant institutions must ensure the implementation of the reforms in: the financial sector, in the governance of financial institutions as well as in policies for preventing and managing potential financial crises.

Having in mind that EU 2020 targets also refer to increasing the employment rate, (especially among youth), reducing the early school leaving rate, increasing the investments in research and development and reducing poverty and social exclusion, there is a **need to offer constant and substantial support for the public institutions that are responsible with the elaboration of the public policy related to the EU 2020 targets**.

Despite the projects developed in the recent years, Romania is still characterized by a reduced administrative capacity of public entities. Considering that administrative capacity represents an essential condition for the development and implementation of the policy reforms and for the improvement of the absorption of the European funds.

The efforts of the Romanian authorities for reforming and modernizing various aspects of public administration were acknowledged in the analysis carried out by the international bodies, including by the World Bank, and in various projects supporting transfer of good practice, and were financially supported by the international organizations and the EU.

The challenges for administrative reform are summarized in the 2010-2011 World Bank review of the functioning of government and which highlights:

- weak connection between public policy development and the drafting of legislation results in an excess of emergency ordinances;
- focus on compliance with rules and regulations and less upon the quality and reliability of performance;
- a lack of clear rationale for the distribution of resources between different policy areas;
- lack of transparency in terms of performance;
- lack of unitary strategic approach regarding human resources management;
- poor usage of relevant data and information as well as of modern ICT tools.

Country Specific Recommendations 2013	Romania assumed actions through National Reform Program
This recommendation refers to the poor administrative capacity which contributes to the low absorption of EU funds; therefore, the governance and quality of public administration needs to be strengthened.	<ul style="list-style-type: none"> - implementing strategic reforms to improve government efficiency, based on the functional analysis carried out by the World Bank; - further measures aimed at better regulation at central government level; - professionalization of civil servants; - standardization of administrative procedures; - increased absorption of Structural and Cohesion Fund support; - modernisation of public administration through the application of ICTs; - building capacity for regional development

PUBLIC ADMINISTRATION

Despite efforts to implement a robust policy process in Romania, reforms are urgently needed to improve the quality of public policy and public finance. Over the past decade, laws have been passed, institutions established, and significant investments made in implementing a modern policy process supported by capable policy institutions. However, despite these changes, policy planning remains ad hoc and decision makers are faced with a system that does not produce the quality of analysis that they need to make informed policy decisions. The consequences for Romania are the persistence of severe and chronic problems with the quality of public policy and public expenditure. This report strongly asserts that Romania cannot afford to defer public policy reform.

The differences in administrative capacity between the local government units have affected their ability to absorb support for administrative improvement, to mobilize resources and to attract investments. Fragmentation, including long political lines, has impeded cooperation in situations where collaboration between local authorities is needed in order to develop initiatives and public services on economic and efficient basis. It has also constrained integrated development, for example, where there is only partial participation of rural municipalities surrounding urban growth poles and areas.

Romania's public services are generally less developed than those available in the more developed EU countries. However, rather than the absolute level of service, the cause of greatest public dissatisfaction is the unevenness in the quality of and accessibility to services to which citizens are entitled to receive. Variation is particularly evident between urban and rural areas, but there are also some differences across the less developed regions.

Although various laws, including that relating to freedom of information, have sought to enhance its transparency and integrity, the public administration continues to have a poor public reputation. The World Bank review identifies a need for human resources reform including:

- enhancing profession standards among those occupying managerial positions;
- recruitment and promotion based on merit and performance;
- competitive remuneration;
- unifying civil service human resource management.

In order to identify problems /deficiencies, specific objectives and investment priorities for public administration associated with financial framework 2014-2020, has been constituted the Thematic Advisory Committee on Administration and Good Governance (TAC AGG). The Socio-economic analysis drafted by TAC AGG, is structured on **the following areas**, regarding:

1. Financial and administrative capacity

- Deficient relationship between ministries and entities that coordinate intra-sectoral responsibilities overlapping, excessive centralization, inefficient use of resources, poor coordination, fragmented administration involving too many expensive structures, and, in some situations, overlapping competencies between public authorities;
- Uncoordinated and differentiated control systems for public procurement, leading often to superposition in controlling process and, in some situations, to lack of control, issues generated by the legal, institutional and procedural framework in the field;
- Administrative-territorial fragmentation, accompanied by reduced population in a great number of communes, towns, cities, which involve, for local public authorities, unjustified functional costs and inefficiency in the fulfillment of the tasks assigned by law;
- Insufficient financial resources, situation generated by the frequent legislative modifications entailing a decrease in revenues of the local authorities (mainly the case of communes and small towns), by the low level of tax collection, (which in some cases, led to a diminished capacity to ensure the necessary co-financing / "cash flow" for the implementation of projects financed by non-refundable funds and by the transfer of decentralized competences without the necessary financial resources. The administrative-territorial units are able to cover from their own financial sources less than 50% of the total of their operating costs, without taking into account the costs required to perform exclusive and shared competences transferred to the decentralization process.);
- Deficient human resources system: not enough trained personnel, especially in the small and rural communities, insufficient expertise across public administration caused by the low level of salaries; unintegrated long-term public policy for the human resources in public administration, system performance evaluation of civil servants considered insufficiently objective etc.;

2. Public policies and regulation:

- Inappropriate strategic planning system within the public authorities and institutions;
- Weak institutional capacity to coordinate public policies and the existence of an inefficient correlation system of public policies with the budget;
- Insufficient demand at decisional level for impact assessments as a mechanism of underlying the public policies documents and normative acts drafts;
- Limited capacity of ministries to develop impact analysis concerning underlying public policies documents and drafts of normative acts;
- Heavy administrative burden borne by legislation for the business sector;
- The general lack of trust and empowerment at the level of the administration results in excessive bureaucracy as a mean of protecting oneself rather than taking responsibility for the given tasks. This is visible in the extensive micro-management, the number of endorsements necessary for various administrative decisions, the red tape, etc.
- Lack of clear mechanisms for monitoring and evaluating the implemented public policies;
- The existence of regulatory overlapping and, sometimes, of over-regulation. Low planning capacity and ad-hoc decision-making without sound impact assessment generate a constant need to pass new legislative acts or modify the existing ones. In this context, the administration is no longer focused on achieving performance but on keeping pace with the constant legislative changes.

3. Public services delivery:

The insufficient administrative and financial capacity at the central and local government to meet the increasingly diversified needs of beneficiaries, especially in ensuring high quality public services, is caused by the following factors:

- Inconsistent regulation of public services through separate normative acts;

- Cost and quality standards have not been defined for all public services;
- The transfer of competences in the decentralization process (in education, health, population registry, basic public services) was done without a proper assessment of the administrative capacity of the local authorities that should have underpinned the options for allocation of competences. Decentralization has been often incomplete or unclear/diffuse, decentralized public services/public services delivered by local authorities being underfunded in most of the cases;
- Insufficient concern for the long-term implementation of management, monitoring and evaluation systems and tools for public services delivery;
- Insufficient concern for the design and delivery of public services in partnerships with the other stakeholder entities (central and local authorities, NGOs);
- Access to public services is limited in some cases, at the level of territorial administrative units, both due to technical issues, such as the low level of interconnection of information systems, and to socio-economic factors, budget constraints and limited administrative capacity of territorial administrative units;
- The necessity to operationalize one stop shop system and e-government systems in order to reduce bureaucracy, operating costs of the public administration system and expanding citizens' access to public information by local and national interest.

4. Transparency and integrity:

The Romanian legislation regulates the free access to public information (Law no. 544/2001) and decisional transparency in public administration (Law no. 52/2003), as well as the asset declaration system and conflicts of interest by civil servants.

Even if these pieces of legislation have already 10 years of applying there are still deficiencies in implementation related to incomplete communication of information, reluctance to transmit information on areas such as public procurement and an organizational culture.

If these tools are used to obtain information from public administration, Law no. 109/2007 on the re-use of information from public institutions (which transposes Directive 2003/98/EC on the re-use of public data) is much less known, especially since the information available is very limited.

The concept of "whistleblowers" and the National Strategies Anticorruption 2008 - 2011 and 2012 - 2015 fill the regulatory framework in the field of transparency and integrity in public administration. Despite constant concern on preventing and combating corruption, the actual size of the phenomenon of corruption in public administration is still insufficiently known.

In 2011 the Romanian Government rallied behind the values promoted by Open Government Partnership in order to promote governmental transparency globally, to increase civic participation in public life and to use new technologies in order to enhance administrative efficiency and fight corruption, through ensuring access to public data in open format.

Management of EU funds

Compared with other MS, Romania has struggled to absorb the EU Structural and Cohesion support in 2007-2013. By 20 September 2013, the absorption rate stood at 23.46%. The reasons are manifold, but prominent among these have been:

- failure to maintain an adequate pipeline of projects in a high state of development and with no significant outstanding issues;
- a lack of responsiveness in the planning, regulatory and legal systems,
- chronic problems in concluding procurement which has blighted infrastructure projects and has restricted access to external expertise;
- high workload on personnel and staff turnover.

In order to avoid the loss of a significant amount of Structural and Cohesion Funds, at the beginning of year 2011, the Romanian Government approved the **Plan of Priority Measures for strengthening**

the capacity to absorb structural and cohesion funds (PAP), whose overall objective was to address the problems and deficiencies that affect the most the implementation process of structural and cohesion funds with a view to removing or reducing significantly of the obstacles to absorption.

This plan represented a roadmap which the Romanian Government was committed to implement, in close cooperation with the EC, in order to significantly speed up the absorption of SCF considering seven main directions, out of which two of them were oriented towards administrative capacity of the bodies responsible for OPs implementation and capacity and ownership of beneficiaries.

Even though most of the measures included in the PAP have been implemented, the absorption rate was still below expectations. Consequently, in November 2012, the EC has proposed the development of a new action plan for improving the administrative capacity for EU funds management.

The new plan takes over the measures still in progress from the PAP and includes new measures comprising development of procedures, methodologies and protocols to strength the administrative capacity of the public authorities responsible with EU funds management, project implementation assistance for beneficiaries, and the preparation of institutional architecture for the management and implementation of European Structural and Investments Funds 2014-2020. Based on Government Emergency Ordinance no 96/2012 , actions for more effective coordination and management of structural instrument was carried out at central public administration level, the most important measure consisting in the setting up of the Ministry of European Funds.

At this stage the new plan is under revision and it will be proposed to the EC at the end of the current year.

2014-2020 support will be targeted towards improving the administrative capacity to implement EU funds, given the importance played by such funds to promote economic growth and cohesion. A plan was elaborated in this regard, including short term measures related to creation of a new civil servants category and tools for measuring staff and structures performance, measures for the next period 2014-2020 focusing on the institutional and procedural aspects, as well as measures envisaged for a longer term prospective addressing structural shortcomings related to public policy formulation and prioritization of investments. Further to its approval, actions will be implemented within its framework.

A special attention will have to be paid to improving the coordination function of the management and implementation of EU funds, both at central and regional/ territorial level, in order to improve efficiency and effectiveness of the interventions, as well as to eliminate bottlenecks and increase absorption. In the context of approaching the EAFRD and EMFF under the same umbrella with Structural Instruments, ensuring an efficient coordination of the funds will be of outmost importance, as to create efficient systems to correlate the interventions and avoid overlapping, as well as to create synergies and complementarities.

Additionally, a new monitoring system for the interventions financed by EU funds will be implemented, aimed at ensuring a consistent and effective follow-up of the implementation process and strengthening the coordination process.

Actions will also target strengthening the capacity of the beneficiaries to develop and implement projects co-financed by EU funds, through the development of specifically tailored mechanisms at regional or local level.

So far, all the attempts to address the above mentioned problems have lacked vision, were poorly correlated and failed to achieve a fundamental change in the way the administration functions.

In order to succeed on reforming the public administration, it is necessary to continue the efforts in implementing the measures foreseen into the action plans, results of the functional reviews, especially for the following ministries:

- Ministry of National Education
- Ministry of Labour, Family, Social Protection and Elderly

- Ministry of Public Finance
- Ministry of Economy
- General Secretariat of the Government
- Ministry of Regional Development and Public Administration
- Ministry of Transports
- Ministry of Health
- Ministry for Environment and Climate Change

The selection of the public institutions was based on:

- the responsibility regarding the elaboration and implementation of the horizontal reform programmes,
- the reduced administrative capacity on drafting sectoral public policy.

Also, criteria which formed the basis selection of the ministries that will receive with priority funding in the new financial framework aimed at creating the necessary conditions so that Romania it can have a relevant contribution to the objectives of the European Agenda 2020.

In this respect, the Europe 2020 Strategy aims to promote a competitive and efficient economy (in terms of use of the resource), based on smart growth in the context of the existing global challenges. Therefore, the capacity reinforcement of the Ministry of Public Finance and the Ministry of Economy is essential for recovery of the economy and the financial system and for the improvement of the business environment in order to stimulate productivity, precondition for ensuring long-term economic growth.

In terms of short key priorities of the EU 2020, there is a need for restoring the financial sector in order to create a solid and stable system, able to finance the economy. From this perspective, the Ministry of Public Finance along with other MS and EU relevant institutions must ensure the implementation of the reforms in: the financial sector supervision, governance of financial institutions or policies for preventing and managing potential financial crises.

As far as the Ministry of Transports and Ministry of Environment and Climate Change are concerned, these institutions are the main actors involved in elaborating and implementing the objectives of the Cohesion Fund. Thus it is extremely important to increase their capacity for policy planning and monitoring in order to achieve sustainable growth and competitiveness.

Having in mind that EU 2020 targets also refer to increasing the employment rate, (especially among youth), reducing the early school leaving rate, increasing the investments in research and development and reducing poverty and social exclusion, there is a need to offer constant and substantial support for the public institutions that are responsible with the elaboration of the public policy related to the EU 2020 targets: Ministry of National Education, Ministry of Labor, Family, Social Inclusion and Elderly and Ministry of Health.

Despite the projects developed in the recent years, Romania is still characterized by a reduced administrative capacity of public institutions. Considering that administrative capacity represents an essential condition for the development and implementation of the policy reforms and for the improvement of the absorption of the European funds, it is necessary to support the efforts made by the Ministry of Regional Development and Public Administration and of the General Secretariat of the Government through the Prime Minister Chancellery regarding the improvement of the quality of regulations and human resource management, the reduction of the bureaucracy and the development of a performance-based management in government public.

A Strategy on strengthening the efficiency of public administration 2014-2020 is currently under elaboration. The strategy will address the above mentioned challenges as well as the structural causes that determined a reduced administrative capacity of Romanian public administration. In order to identify the structural causes and to propose corrective measures for them, a Working

Group has been established, under the coordination of the Chancellery of the Prime-minister. Draft documents of the analysis of the structural causes mention deficiencies as:

- The politicization of the public administration. Decisions of the use of public funds in Romania are still perceived to some extent to be susceptible to lobbying by private and organised interests.
- Bureaucracy. The general lack of trust and empowerment at the level of the administration results in excessive bureaucracy as a means of protecting oneself rather than taking responsibility for the given tasks. This is visible in the extensive micro-management, the number of endorsements necessary for various administrative decisions, the large volume of paperwork, etc.
- “Blame and shame” attitude throughout the public administration. The lack of trust among various levels of the administration does not encourage a positive, responsible and proactive approach to the delivery of tasks assigned to the civil servants. Instead, a “blame and shame” attitude is being perpetuated, which is not conducive to a goal oriented management approach, necessary to improve the overall performance of the administration.
- Resistance to change. Although countless technical assistance and training projects have been implemented throughout the administration, resistance to change is still persistent, little of the gained knowledge being actually internalized into the day-to-day activities of the civil servants/managers. Lack of initiative and fear of taking risks and assuming responsibilities is still the current general attitude.

The main target is to consolidate the administrative capacity, as well as to ensure a better regulation and improve the quality and access to public services. The administrative capacity and the efficiency of public administration are core issues for both absorbing funds and exercising the competences at all administrative levels in an efficient and coordinated manner. The Strategy will be elaborated in correlation with the up-dated Better Regulation Strategy aiming at strengthening the public policy formulation system.

A special role in solving the needs of public administration reform will have future of Operational Program Administrative Capacity 2014-2020.

Lessons learned

During 2007 – 2013 programming period, a special role in solving the needs of public administration reform had the Operational Program Administrative Capacity Development 2007-2013 through which were taken into consideration interventions regarding:

- improving public policies elaboration process, the process of strategic planning, performances measurement and evaluation;
- increasing the organizational effectiveness by reorganization the structures of public administration, human resources management and efficiency coordination of training activities and development of personnel skills
- improving the quality and efficiency of the services provided by central and local public administration

Although important steps have been made on decentralization (in education, health, population registry, basic public services), the transfer of decisional authority has been often incomplete or unclear.

The decentralized public services / public services provided by local authorities are generally underfunded, and funding is not actually correlated to the number and needs of beneficiaries. These deficiencies directly affect the quality of services provided by public administration and citizens/ beneficiaries satisfaction.

The opportunity to use EU funds as additional resources of increasing the financial autonomy of the administrative- territorial units and improving the quality of services provided to the beneficiaries was used inadequate. The low capacity of potential beneficiaries, particularly those with low administrative capacity, the poor and inconsistent management of the national funds, the lack of sufficiently consistent vision of the role and mechanisms of regions in the absorption of structural funds and the low interest in accessing and implementing the projects represent elements that have also limited the process of absorption and should be taken into account for future programming.

Human resources field remains a sensitive one.

Human resources field remains a sensitive one. In spite of the existence of a modern legal framework and actions taken by National Agency of Civil Servants to improving the management of civil services. There is no unitary approach on human resources, policies, especially regarding mechanism for motivation and high fragmentation senior civil servants.

The corp of civil service is an old one, which has the largest share of over employees 40 years. There are deficiencies in terms of instability in the civil service, both for leadership positions and for the execution, for various reasons: lack / failure mechanisms of motivation, high fragmentation senior civil servants' remuneration aspects that Law- frame no. 284/2010 on the unitary payment of the personnel paid from public funds failed to solve. The mechanisms of selection, management, evaluation and promotion the staff as well as designing tailored training programmes are inflexible and the human resources departments' capacity in terms of analyzing training needs of employees in conjunction with institutional needs is reduced.

Main development needs

Informed by the findings of the analysis of Development Challenges and the SWOT Analysis (*Annex I*), main development needs are:

- an effective system for planning, committing and procuring publicly funded activity, including that part financed by ESIF in pursuit of Romania's development goals.
- reforming of public policy, better regulation and governance, transparency and accessibility in the public administration
- enhanced administrative and financial capacity at national, regional and local level to implement actions in pursuit of Romania's development goals.
- developing and implementing unitary and long-term human resources strategies and policies
- more efficient, transparent and less bureaucratic public administration that imposes a lesser burden on businesses and citizens and enjoys an improved public reputation.
- increase and effective cooperation and coordination between public entities.
- better public services delivered throughout the territory of Romania.
- developing, introducing and supporting the use of ICT tools and open data concept

THE JUDICIAL SYSTEM

The judiciary has evolved in the years since Romania's accession, especially from the legislative point of view. In order to further strengthen the reform, a common **Strategy for the development of the judicial system**, as well as an associated **Action Plan** is being prepared. The strategy will set the development directions of the judiciary for the next years also in accordance with the recommendations of World Bank experts made on the recent projects undertaken in the area of justice (Functional Review Analysis of the Justice Sector in Romania and Determining and implementing optimum workload of judges and court clerks).

One of the specific objectives of the judicial system is ensuring a better access to justice to all citizens, especially in the context of enforcement of the new Codes. Improving the access to justice comprises a cluster of measures, starting with ensuring adequate courts premises (courtrooms, courts archives) and continuing with awareness campaigns on the major law changes, better legal

aid services, increased online access to courts' activity and services by developing e-tools to this purpose. Besides, the latest CEPEJ report¹²⁴ raises the attention on the need to ensure citizens easy access to obtain practical information about their rights or the courts, or directly the forms enabling them to enforce their rights and as well as information regarding laws, procedures and courts, from official websites.

For modernizing the judicial process, in 2009 and 2010, new Civil and Criminal Codes were adopted, including the accompanying procedural codes, but the implementation process was established gradually, in order to ensure the tools for their smooth implementation (personnel, budget and infrastructure). By this moment, only the new Civil Code and the new Civil Procedure Code entered into force, the criminal codes being scheduled for entering into force in 2014. Once implemented, these Codes will have a decisive contribution to the modernization of the judicial system and will bring benefits for the efficiency, transparency and consistency of the judicial process.

Another legislative measure that improved the consistency and efficiency of the judicial process was the "Small Reform Law", which entered into force in 2010.

Legislation was also amended to strengthen the accountability of the judiciary and to reform appointments to the High Court of Cassation and Justice. Such measures provide the opportunity to address public concerns about the objectivity of judicial appointments and the disciplinary process in the judiciary.

As regards the consistency of the judicial process, important steps have been taken since 2007 in terms of unifying the jurisprudence. Among the initiatives taken in this regard, one can mention the mechanisms provided by the new legislation already in force (improvements of the appeal in the interest of the law, the preliminary ruling procedure from the new Civil procedure Code), or by the future legislation (the Criminal Code and the Criminal procedure Code, the new laws on the enforcement of criminal penalties, the new law on the probation system etc.).

Also, there is no one full electronic database where the court decisions, including decisions of the High Court of Cassation and Justice, to be published on. The main judicial database (ECRIS) does not allow the judges to compare court ruling nationwide. The publication of the relevant court decisions is needed in order to ensure the unification of the jurisprudence

At the level of the judicial system there were several projects and analysis carried out which aimed at improving the performance and efficiency at its level. Thus, through a World Bank-funded project, Determining and implementing optimum workload of judges and court clerks, carried out between October 2011 - May 2013, a new system for determining the optimum workload for judges and clerks was identified, as well as the appropriate tools for implementing and monitoring the respective system at the level of the management of the courts were developed.

The judiciary also benefited in the period February 2012 - March 2013, along with other central Governmental institutions, of a functional review undertaken by the World Bank on the effectiveness of the organization and functioning of the judiciary in the context of the general concern for improving the administrative performance.

At the beginning of 2012 (Law no.24/2012), Romania strengthened the legal basis for judicial accountability, by passing amendments in order to introduce new disciplinary offences and strengthening existing sanctions.

The judicial inspectorate can carry out more targeted, swift and pro-active disciplinary investigations, and to develop a stronger advisory capacity within the inspectorate for shortcomings of judicial organisation, procedures and practice.

An important step in improving the accountability of the High Court of Cassation and Justice was the improved appointment procedures to the High Court of Cassation and Justice at the end of 2012

¹²⁴ CEPEJ Studies no. 18, *European Judicial Systems*, Edition 2012

(GEO no.81/2012 by adopting more transparent and objective procedures which allow for a more comprehensive and objective independent assessment of the merit of candidates.

As regards *the fighting corruption* and promoting integrity, it was acknowledged that Romania has made important progress in the prosecution and trial of high-level corruption cases, the National Anti-Corruption Directorate (DNA) proving to be an impartial prosecutor..

Stronger legislation to promote integrity within the judiciary itself, and a law introducing extended confiscation of criminal assets, has been adopted.

As regards the enhancement of the accountability and transparency of the judiciary, steady progress has been registered in the implementation of the National Anticorruption Strategy (NAS) 2012-2015. However, financial support is still needed for the implementation of the NAS and of the Strategy for strengthening the integrity within the judiciary 2011-2016, whose purpose is to increase the confidence of the population in justice, while its final objective is to provide a high degree of competence of the judicial system with all the corollaries: correct decisions, available to the public, proceedings carried out in an optimal period, incorruptible staff and unitary judicial practice.

Last but not least, all these reform priorities cannot be implemented without adequate physical infrastructure, considering the new codes adoption and implementation and given the large revisions and modifications operated.

In this context, the New Civil Procedure Code provides for a new organization of the civil process involving a series of changes in the organization of the trial such as the separation of the public hearing held in courts of first instance in two stages (the Council Chamber stage and the courtroom stage). There are 233 courts in Romania, functioning in 206 buildings. Besides the investments needed for making the courts premises suitable for enforcing of the new codes, also other major investments in the court buildings have to be undertaken. For example, an analysis performed in May 2013 by the Ministry of Justice reveals that an estimated number of 75 buildings in which function 89 courts have to be energetically rehabilitated.

Moreover, out of total 206 court buildings, 48 are historical monuments and another 10 are situated in historic districts and thus being subject of limitation in terms of rehabilitation. Mention should be made that some of the monuments are located in representative urban centers that have a significant endowment of culturally important buildings.

ICT for modernizing the Judicial System

The further development of ICTs in the justice system will make a significant contribution to improving strategic management, accountability, transparency and efficiency of the judiciary, and thereby enhancing access to justice. Investment will be financed in order to further support the development of the use of the IT within the judiciary, in line with the strategic e-justice objectives and best practices applicable in the field.

Main development needs

In order to support the reforming process of the judiciary, financing is needed for strengthening the organisational and administrative capacity of the judiciary institutions, for the development of the human resources in terms of professional knowledge and capabilities, especially in the context of adoption and enforcement of the four new Codes and for improving the access to justice. These measures need to be supported also by investments in the physical and IT infrastructure in order to achieve a sustainable development of the justice system.

Informed by the findings of the analysis of Development Challenges and the SWOT Analysis (*Annex I*), main development needs for the judicial system are:

- more efficient, transparent, accessible and consistent judicial system

CADASTER AND LAND REGISTRATION SYSTEM

Romania, is in the process of preparing a coherent and comprehensive property registration system (i.e. the Cadaster and Land Register) including all properties, private and public, implementing various initiatives to broaden the geographical coverage and inclusiveness of real records, which currently cover only 15% of properties.

These are main issues caused by the incomplete property records:

- *Lack of development and access to EU financing programs in rural Romania.* Preparation and implementation of structural investments financed by the EU, access to EU CAP funding, farmland consolidation and agriculture commercialization are hindered by lack of reliable records on property and their ownership.
- *Constrained land market, access to credit, investment and revenues.* High cost of registration and succession settlement maintains informality halts land market activity, blocks access to formal credit, discourages investments and limits property revenue base.
- *Difficulties in managing natural resources and responds to climate change.* Neither privately nor publicly held forest lands have been registered, which hinders their management and programs to address climate change and other environmental concerns.
- *Slow inclusion.* Many homes and farms are held without legal rights (often the case with rural Roma settlements).

Romania, in order reach sustainable long-term economic development, needs to invest programmatically to a coherent and efficient real property registration system. The reforms initiated by the Romanian Government in the field of agricultural policy mainly target the completion of real property restitution, the development of the agricultural sector, the development of agricultural markets and institutional consolidation. The systematic completion of the property records represents one of the instruments for achieving these objectives. The government is committed to establishing a coherent and covering property registration system in the medium term and has adopted the objective to *broaden the geographical coverage and inclusiveness of property records (Cadaster and Land Register) of all 2,794 rural UATs of Romania by 2023*¹²⁵. The following improvements and benefits are expected:

- *Improved registration and mapping systems in rural areas for better land and credit markets and investments.* Systematic registration of property rights will increase tenure security, facilitate improved land markets and access to institutional credit and thus improve the economic and social development of the rural population with a substantial increase to intangible property revenues.
- *Better land information for land and natural resources management.* The information generated in systematic registration and base mapping will support many uses including: the preparation of rural development strategy plans, the development of tourism and agricultural tourism programs, the development of national infrastructure programs, etc.
- *Improved resource mobilisation.* The existing land records will form the basis for updating the rural land register and the cadastre and taxation records. These data bases will be made available for PIAA, public authorities and institutions, public notaries etc., and will support better and more equitable collection of property taxes.
- *Enhanced inclusion.* Progressing systematic registration will include support services to identify and facilitate formalization of property possessed by legitimate occupants without valid legal documentation.

The systematic registration of property rights provides an efficient, and tested, methodology for securing property rights and preparing reliable information on landownership. Registration, sporadically, on as needed basis, have proven too inefficient and expensive for majority of

¹²⁵ Romania is composed of 3,181 administrative territorial units (UATs,) out of which 320 are City Halls and Municipalities and 2,861 are rural communes.

Romanians to access. This also applies to public lands, which are poorly demarcated, registered or designated within the public sector.

Planning and plan implementation will greatly benefit from systematic registration. Authorities can use land information to regulate and guide individual land-use decisions in order to avoid environmentally and socially harmful outcomes, and to internalize externalities, for example, through zoning regulations and planning laws. This is particularly important for climate change policy, which requires concerted policies to mitigate and adapt to these major agro-ecological changes.

The challenge in numbers:

- The biggest concern on achieving covering property record is the large number of properties. Out of 35.000.000 estimated rural land parcels, less than 9% of are registered at the moment.
- Out of about 40,000,000 parcels estimated in the whole country almost 15% have been formally registered to date to the Land Book¹²⁶.

Notably, since 1989, a large number of properties have gone through the process of restitution. This process was developed in the cooperativized areas (of the past socialist period) and has been slow but is now mostly completed (95%) resulting to eligible owners reception of property deeds, but not to registration of those deeds, which they tend to only do upon need to transact. But, in the non-cooperative areas (37% of Romanian territory) a significant percentage of the current land owners have no legal documents (property deeds) on the land and buildings they possess. This delays farm restructuring and decreases farm competitiveness.

As a result of the registration of both private and public properties, the rural communes will meet one of the most essential conditions of accessing the EU programs in the field of local infrastructure development: development of public utilities networks, of street networks, and the rehabilitation of public interest building etc.

For the urban area, the registration of property is being considered to be done through a public services concession (Government Decision 448/2013, 4 July 2013).

Main development needs

Informed by the findings of the analysis of Development Challenges and the SWOT Analysis (*Annex I*), main development needs for cadaster are:

- developing the cadastre and land registration system

1.1.2. Identification of the need to transfer funds between categories of regions

Capital regions are driving forces for regional, national and European development, especially in achieving the goals of EU 2020 and in delivering sustainable development.

At the same time, it should be emphasized the strategic capacity of this region and highlighted the reality that the administrative boundaries of Bucharest-Ilfov region are often much smaller than their socio-economic boundaries and that, at national level, this region have a crucial influence on the development of the knowledge economy and on the prospects of socio-economic success.

Romania has one of the greatest territorial disparities in terms of GDP per capita in the EU between capital region and the rest of the territory and the gap between regions has increased since the mid-1990s. Regarding Bucharest-Ilfov Region two types of disparities are identified: a gap between Bucharest and the rest of the country; and rising disparities between Bucharest city, which is one of the main drivers of the Romanian growth, and the rest of the region (Ilfov County). As a consequence, comparing to the rest of Romania's regions, Bucharest-Ilfov Region is atypical having inside very different socio-economic characteristics. In order to ensure intraregional cohesion in this

¹²⁶ Literally: the Integrated System of Cadaster and Land Book facilitated by the eTerra ICT system.

region and to achieve the strategic goal to improve the region's competitiveness, social cohesion and accessibility it is necessary to develop infrastructure investments facilitating the development of innovation and the information society, improving the quality of the natural and cultural environment. Also, durable investments in human capital resources should be continued in order to have a highly qualified labour force, a higher level of participation on the labour market, as a prerequisite for a competitive knowledge based economy.

The new framework for cohesion policy give enough flexibility to address MS and regions specificities and to effectively promote territorial development according to the principles of subsidiarity and taking into account the national and regional needs.

Taking into account the particular case of Bucharest-Ilfov Region, it should be stressed that investments in the capital region often have a spillover effect in the development of neighborhood regions and, at the same time, the lack of investment in the capital region may have negative consequences in the regions around.

Taking into consideration all above mentioned, the thematic concentration established into the regulations and the provisions of art. 85 of the CSF, Romania propose to transfer up to 3% of the total appropriation for less developed regions to Bucharest-Ilfov region, which artificially is considered more developed one.

1.2 SUMMARY OF THE EX-ANTE EVALUATIONS OF THE PROGRAMMES OR KEY FINDINGS OF THE EX-ANTE EVALUATIONS OF THE PARTNERSHIP AGREEMENT

Romania took the decision to contract ex-ante evaluation as an independent method to improve the coherence and quality of the Partnership Agreement. The ex-ante evaluators were asked to respond to three sets of questions revolving around:

- the internal and external coherence of the PA 2014 – 2020;
- the administrative capacity of authorities and beneficiaries;
- the electronic systems for the exchange of information between authorities and beneficiaries.

This section concentrates on the first set of questions and will be updated once various versions of the evaluation reports are made available by the evaluation team and pass the quality control criteria of the evaluation commissioner. Presently, the first version of the evaluation report on the internal and external coherence of the PA is under the Contractor's revision, based on a quality assessment carried out by the Evaluation Central Unit of the Ministry of European Funds.

In terms of the formative character of the evaluation process, it merits to be underlined that programmers have been supported by the evaluation team to improve the quality of the second version of the Partnership Agreement through:

- suggesting an annotated table of contents for the chapters 1.1 and 1.3 of the Partnership Agreement, which takes into account the EC draft template and guidelines on the content of the partnership agreement (Version 3 – 21.05.2013);
- performing a systematic analysis on the coherence between problems/needs and strategic response included in the first version of the Partnership Agreement that clearly revealed which are the specific elements needing improvement. The analysis (so called coherence tables) has been discussed with programming experts within five thematic workshops relating to the main challenges to be addressed by ESI funds.

1.3 SELECTED THEMATIC OBJECTIVES, AND FOR EACH OF THE SELECTED THEMATIC OBJECTIVES A SUMMARY OF THE MAIN RESULTS EXPECTED FOR EACH OF THE ESI FUNDS

The analysis reveals Romania's continuing and, in some cases, widening disparities with the EU across a broad in spectrum of issues. Accordingly, in the 2014-20 period, Romania will make investments using ESIF resources under all 11 Thematic Objectives that relate to the EU2020 strategy.

The selection of Thematic Objectives relates to their alignment with and potential contribution to the five Challenges and the related main development needs:

Development Challenge	Thematic Objective
COMPETITIVENESS	1. Strengthening research, technological development and innovation
	2. Enhancing access to, and use and quality of, information and communication technologies
	3. Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector and the fisheries and aquaculture sector
PEOPLE AND SOCIETY	8. Promoting employment and supporting labour mobility
	9. Promoting social inclusion and combating poverty
	10. Investing in education, skills and lifelong learning
INFRASTRUCTURE	2. Enhancing access to, and use and quality of, information and communication

Development Challenge	Thematic Objective
	technologies
	7. Promoting sustainable transport and removing bottlenecks in key network infrastructures
RESOURCES	4. Supporting the shift towards a low-carbon economy in all sectors
	5. Promoting climate change adaptation, risk prevention and management
	6. Protecting the environment and promoting resource efficiency
GOVERNANCE	11. Enhancing institutional capacity and an efficient public administration
	2. Enhancing access to, and use and quality of, information and communication technologies

Quantification of Romania's socio-economic needs and technical deficits undertaken as part of the analysis exercise makes clear that full absorption of ESIF can meet only a fraction of these in 2014-2020. However, factors from the analysis that have helped to determine the high level distribution of resources include:

- the limited absorption capacity of businesses and innovation providers reflecting the sectoral structure and size distribution of the business base, the focus on growth and jobs notwithstanding.
- the extent to which Romania's investment choices are pre-determined by the Acquis, and obligations to international funding institutions requiring a strong focus transport and water projects.

Additionally, distribution of resources is to some degree conditioned by the rules on thematic concentration and the disaggregation of the ESIF into five Funds.

Within the envelope of these constraints, Romania has made a positive choice to use the ESIF to move Romania's economy and society forward in a balanced manner, having particular regard to the territorial challenges in generating growth and jobs in the country's less developed regions:

- some 22.64% of the national ERDF allocation will be allocated to TO1 - RTDI; TO2 - ICT; TO3 - Competitiveness.
- additionally, some 38.98% EAFRD and 45% EMFF resources will contribute TO3, respectively aiming to increase the competitiveness of the rural and fishing economy.
- TO4, concerned with low carbon transformation will be a major focus and will attract 25.30.% of the national ERDF allocation.
- For environment sector, around 7.50% of CF will be dedicated to TO 5 and for TO 6 both fund ERDF and CF will contribute, namely 9.17% ERDF and 31.46% CF.
- Reflecting Romania's infrastructural deficit and its critical role in supporting growth, 20.82% of the total envelope of ESIF, will be dedicated to TO7 Sustainable Transport (19.92% of the national ERDF national allocation and 61.04% of the CF allocation).
- Some 31.96% of the national ESF allocation will be devoted to TO8, Employment, and will contribute also to the achievement of the TO1 by strengthening skills in the research and development sector and TO2, by strengthening digital skills in the workforce.
- Around 20% of the national ESF allocation will target TO9, Social inclusion, including social services and a further 31.96% TO10 Education. Supporting investments in social and educational infrastructure, will be made using ERDF with 12.97% contribution from the ERDF national allocation for each of these two objectives.
- The largest allocation of ESF resources, around 14.12% from the national allocation, will be dedicated to TO11, Institutional capacity / efficiency and will be complemented by investment in e-government under TO2.

Development Challenge 1 “Competitiveness”

In order to tackle this challenge, a multi-dimensional approach will be followed for the interventions under the **Thematic Objectives 1, 2 and 3**.

The concept of competitiveness is applied both at the level of country in terms of maintaining or growing economic activity, and at the level of the business operating in the context of open markets for retaining or increasing their market share. In order to create new jobs it is necessary to improve the ability to drive innovation and research and development in products, services, business and social processes and models as well as improve business environment and the power to implement value chains on a large scale and therefore creating links within and outside the country.

Thematic objective no. 1: Strengthening research, technological development and innovation

Interventions from ESI Funds under this thematic objective have been set in order to contribute to achieve the main objective **to Improve the conditions for research and development, in particular with the aim of bringing combined public and private investment levels in this sector to 2 % of GDP**. This will be done by supporting innovation in enterprises and capacity-building for R&I excellence and technological change. In rural areas innovation and the knowledge base will be enhanced through cooperation between the agriculture, food and forestry sectors and other actors and the creation of clusters and networks and use of advisory services

<i>Developments needs</i>	<i>Proposed Priorities for Funding</i>	<i>Programme</i>
<ul style="list-style-type: none"> ➤ The creation of a more compact and modern R&D environment that is focused on business's needs, societal challenges and technologies where Romania has world class potential, informed by the principles of smart specialization and in order to increase the commercialization and internalization of research. ➤ The promotion of an enterprise and innovation culture throughout the education system and in business networked with all necessary forms of support, financial, managerial, technical, creative, in order to realise the latent potential in Romania's people and its businesses. 	<ul style="list-style-type: none"> • Supporting private RDI investments and research partnerships between enterprises and research organisations in order to foster the transfer of knowledge, technology and personnel with RDI advanced skills and to enable the RDI-based development of products and services in economic sectors with growth potential • Promoting financial instruments aimed to support the risk of private investment in research and innovation and to stimulate innovative start-ups and spin-offs • Developing the public and private research infrastructure, both as part of existing/emerging clusters, centres of excellence and other types of research structures (national / regional / EU), and in specific areas identified as priorities, based on existing potential and/or competitive advantage, such as health • Unlocking the potential for excellence in research and innovation by creating synergies with the RDI actions of the EU framework programme Horizon 2020. 	Competitiveness OP
	<ul style="list-style-type: none"> • Developing technology-transfer support infrastructure in the public and private sectors, particularly in Romania's less developed regions, informed by the principles of smart specialization. 	Regional Operational Programme
	<ul style="list-style-type: none"> • Developing human resources in public and Higher Education-based R&D institutions; supporting higher level skills development in SMEs. 	Human Capital OP

<i>Developments needs</i>	<i>Proposed Priorities for Funding</i>	<i>Programme</i>
	<ul style="list-style-type: none"> • The establishment and use of advisory services, in order to improve economic and environmental performance. • Collaboration between farming /agri-business, forestry and food sectors, and the systems of advice, education and research in relation to pilot projects, development of new products, practices, processes and technologies, etc. • Setting up operational groups (farmers, researchers, advisors), which will form part of the European Innovation Partnership for agricultural productivity and sustainability. 	National Rural Development Programme
	<ul style="list-style-type: none"> • The establishment and use of advisory services; • Collaboration between fisherman/aquaculture farmers and scientists 	OP for Fishing and Maritime Affairs

Synergy with other thematic objectives

The proposed priorities for funding under the **thematic objective no. 1** will be synchronized primarily with the interventions addressing **entrepreneurship and business models** under **thematic objectives no. 3**, but also with the measures targeting **employment, education and skills** under **thematic objectives 8 and 10** and the measures covered by **Digital Agenda** addressed under **thematic objectives no. 2**.

Expected results

Within this thematic objective, the results expected to be achieved through the ESI Funds are as follows:

ERDF: Higher levels of investment in RDI, both in the public and private sectors; greater translation of research findings into commercial applications; an improved distribution of RDI activity across Romania's regions.

ESF: Reduced shortages of skilled researchers; improved staff retention in the research sector.

EAFRD: **Encouraging the setting up of operational groups (farmers, researchers, advisors), which will form part of the European Innovation Partnership and the participation in agriculture, food and forestry clusters and networks; encouraging the use of innovative technologies and processes.**

EMFF: Improvement of economic and environmental performance through development of innovative products, practices, processes and technologies.

Thematic objective no. 2 - Enhancing access to, and use and quality of, information and communication technologies

<i>Developments needs</i>	<i>Proposed Priorities for Funding</i>	<i>Programme</i>
➤ Strengthening the digital business environment	<ul style="list-style-type: none"> ➤ Actions to promote ICT adoption by business, including e-commerce applications and innovation; ➤ Actions to develop e-government instruments for business and citizens (e-government 2.0); ➤ Actions to develop cloud computing; ➤ Actions to provide modern online public services which ensure interoperability of different non-integrated systems, across sectors, regions and at national level, (increased coordination and efficiency of public resources to be promoted) and access to open standards for increasing transparency and administrative efficiency. 	Competitiveness OP

Synergy with other thematic objectives

Priorities for funding under **thematic objective no. 2** need to be synchronized with those addressing employment, education, and skills relating to the current and future workforce under **thematic objective 1, 3, 10, and 11**.

Expected Results

Within this thematic objective, the results expected to be achieved through the ESI Funds are as follows:

ERDF: More dynamic and competitive markets across Romania, with associated gains for consumers, arising from increased use of e-commerce; Improvements to public services and reduced administrative burden, both on businesses and citizens, arising from the implementation of e-government 2.0.

Thematic objective no. 3 - Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector and the fisheries and aquaculture sector

Interventions from ESI Funds under this thematic objective have been set in order to contribute **to increase competitiveness of SMEs**, as these represent the backbone of the economy and are key drivers of growth, job creation and cohesion. This will be done by supporting investment in entrepreneurship, investment in the commercial exploitation of new ideas and research results, providing business advisory services and support the development of web-tools. The interventions to enhance the competitiveness of the agricultural sector will help to secure viable food production in the EU and contribute to job creation and maintenance and growth in rural areas.

<i>Developments needs</i>	<i>Proposed Priorities for Funding</i>	<i>Programme</i>
➤ The continued expansion and growth, including in	<ul style="list-style-type: none"> • Actions to enhance enterprise culture and to raise awareness of the option 	Regional Operational

<i>Developments needs</i>	<i>Proposed Priorities for Funding</i>	<i>Programme</i>
<p>international markets, of Romania's competitive manufacturing and high value added services sectors, in particular automotives; ICT products and services; food and drink processing, energy/environmental management.</p> <p>➤ The transformation of Romania's traditional sectors, including textiles/leather, wood/furniture, creative industries, tourism, agriculture, forestry and fisheries where there is potential to grow or to sustain activity in the medium term through the exploitation of specialist niches or to increase competitiveness through innovation and market development.</p> <p>➤ The restructuring and consolidation of agricultural holdings in order to improve their competitiveness and sustainability, alongside their adoption of modern and innovative agricultural and land management practices.</p> <p>➤ The radical improvement to the business environment in terms of the availability of investment finance, the transparency and predictability of policy, the proportionality of administration and regulation, including through improvement to government use of ICTs.</p> <p>➤ The liberalisation of public sector markets and their exploitation as a means to stimulate new markets, new business formation, social economy and increased economic activity, particularly in Romania's less developed regions.</p> <p>➤ The attraction of investment into Romania's less developed regions and into its rural areas through an integrated approach spanning infrastructure, sites, skills, and investment support.</p>	<p>and potential support in starting business.</p> <ul style="list-style-type: none"> • Actions to improve the productivity of SMEs and to provide to growth opportunities and innovation, including supporting advanced technological investments, promoting creative industries, enhancing access to business planning support, to technical consultancy, international markets, to exporting advice and support. • Actions to improve access to finance, including through the provision of an appropriate range of financial instruments. • Actions to network businesses, to enhance knowledge spillovers and to facilitate their participation in supply chains, including those of international scale. • Integrated actions - sites, skills, investment support - to attract investment into Romania's less developed regions 	Programme
	<ul style="list-style-type: none"> • Actions to improve economic performance and to facilitate farm restructuring and modernization, notably with the view to increase market participation and orientation as well as agricultural diversification. • Facilitating generational renewal in the agricultural sector. • Actions to improve and adapt the agricultural and forestry infrastructure. • Actions to improve the economic performance of primary producers by better integrating them into the agri-food chain through quality schemes, adding value to agricultural products, promotion in local markets and short supply circuits, producer groups, etc. • Actions for support farm risk prevention and management. 	National Rural Development Programme
	<ul style="list-style-type: none"> • Investments in aquaculture: new units, modernization of existing units, diversification of species, improvement of the potential of aquaculture sites. • Promotion of new sources of income, inside the sector (processing, marketing activities) and outside the sector (environment, tourism, education activities). • Investment in fishing ports, shelters, landing sites and first sale sites. • Improvement of working conditions related to health and safety onboard inland and marine fishing vessels; • Support for the establishment, organization and functioning of producers-processing-marketing chain. 	OP for Fishing and Maritime Affairs

<i>Developments needs</i>	<i>Proposed Priorities for Funding</i>	<i>Programme</i>
	<ul style="list-style-type: none"> • Actions to rationalize regulation and to reduce the burden of bureaucracy on businesses 	Administrative Capacity OP

Synergy with other thematic objectives

The proposed priorities for funding under the **thematic objective no. 3** will be synchronized primarily with those addressing **employment, education and skills** relating to the current and future workforce under **thematic objectives no. 8 and 10**, and the energy **efficiency and low-carbon economy** measures under **thematic objectives no. 4**.

Not least, an important aspect is the complementarity with the **thematic objective 11**, in order to reduce bureaucracy and administrative costs as impediments to economic operators.

Expected Results

Within this thematic objective, the results expected to be achieved through the ESI Funds are as follows:

ERDF: Sustainable growth of the Romanian economy, reflected in increased formal economic activity and employment across all of Romania's less developed regions; a higher proportion of employment in internationally competitive industrial and higher value-adding service sectors; an improved contribution to growth and employment from SMEs; increased international trade; improved environmental sustainability of the business sector.

EAFRD: Increased productivity and added value in agriculture, forestry and food sectors; supporting the renewal of the agricultural sector.

EMFF: More economically sustainable and diversified fisheries sectors; increased volume and enhanced value added in production and processing; better connections with markets across Romania and beyond; improved standards in aquaculture and environmental compliance; increased safety on board inland and marine fishing vessels; consumer gains from improved variety and quality of offer.

Development Challenge 2 “People and society”

In order to tackle this challenge, a multi-dimensional approach will be followed for the interventions under **Thematic Objectives 8, 9 and 10**.

Assuring the availability of a "work ready" workforce to meet the needs of growing businesses and sectors and the attractiveness of areas as a location for investment will play a major role in promoting enterprise / self-employment, **having a direct impact on employment and labour mobility**.

Actions to develop of new businesses and social enterprises delivering public services, particularly in Romania's less developed regions and in rural areas, are expected to increase the **social inclusion and reducing poverty**.

Regarding education and training the availability of skills and expertise is fundamental to realising growth, particularly in knowledge intensive sectors, in the short and longer terms.

Thematic objective no. 8: Promoting employment and supporting labor mobility

Interventions from ESI Funds under this thematic objective have been set in order to contribute to achieve the main objective **to reach the 70% national employment rate assumed by Romania through NRP**. This will be done by addressing the employability issue in a integrated manner from the perspective of education, training and employment opportunities, as well as by focussing on the most affected target groups on the labour market (young people NEETs, elderly, women, rural population), according to the main development needs.

<i>Development needs</i>	<i>Proposed Priorities for Funding</i>	<i>Programme</i>
<ul style="list-style-type: none"> ➤ Increasing the employment opportunities ➤ A sustainable integration of young people not in employment, education or training into the labour market (NEETs) ➤ Access to employment for job-seekers and inactive people, focussing on women, youth and older workers over 45 years old, Roma, disabled and other vulnerable groups on the labour market ➤ Address the specific regional and territorial disparities and support for labour mobility; ➤ Aligning the education, training and employability services to the changing needs of the labour market, in particular the skill needs in those sectors which have potential for growth. ➤ Conversion into non-agricultural activities, diversification of rural economy, training and educating for the rural population ➤ Diversifying the fisheries and aquaculture economy 	<ul style="list-style-type: none"> • Developing a multi-dimensional approach to support re-integration of young people not in education, employment or training (NEETS) with education, training and employment opportunities. • Implementing of a youth guarantee scheme at national level, focusing on those regions eligible under Youth Employment Initiative. • Designing a combination of targeted and mainstreaming actions that will improve access to the labour market of women, older workers, Roma people, disabled people and people with low levels of education and qualification. • Setting up active and preventive labour market measures by taking into account specific regional and territorial disparities; • Enhancing the labour mobility; • Supporting employability actions like individual counselling, work-based training, intermediate labour markets and encouraging entrepreneurship, taking into account the distinctive structure of employment in Romania; • Supporting the active aging measures; • Creating a job-search mechanism and a frame for employability of people affected by industrial restructuring and, in particular, those from agricultural and fishing communities affected by the reduction in employment that is likely to accompany increased competitiveness. • Assessing the changing needs of the labour market through education, training and employability services, focussing on the skills needed in those sectors which have potential for growth; • Encouraging and facilitating the participation of employers in workforce development and life-long learning; • Supporting self-employment actions, entrepreneurship and business creation, including in the field of creative industries. 	Human Capital OP
	<ul style="list-style-type: none"> • Creation of new small enterprises through business start-up aid for non-agricultural micro and small enterprises and development of non-agricultural activities in rural areas 	National Programme for Rural

<i>Development needs</i>	<i>Proposed Priorities for Funding</i>	<i>Programme</i>
➤ Modernizing the PES system and strengthening its administrative capacity to deliver active and preventive employment measures, as well as quality services		Development
	• Creation of new small enterprises through business start-up aid in urban areas	Regional Operational Programme
	• Diversification of the fisheries and aquaculture sector, by supporting the creation of new small enterprises and job creation in the field	OP for Fishing and Maritime Affairs
	• Strengthening the administrative capacity of PES	Administrative Capacity OP

Synergies with other thematic objectives

The proposed priorities for funding under this thematic objective will be synchronized primarily with the interventions for social inclusion and education under **thematic objectives 9 and 10**, together contributing to developing an inclusive human resource, with high level of qualification and competences, adapted to the labour market needs.

In the same time, this objective needs to be synchronized also with the **thematic objectives 1 and 3**, in order to address the sectors identified with growth potential.

Not least, very important for the successful of the proposed priorities is the complementarity with the **thematic objective 11**, in order to assure a strengthened administrative capacity for PES system and to benefit for the results of the e-government interventions under thematic objective 11.

Expected results

Within this thematic objective, the results expected to be achieved through the ESI Funds are as follows:

ERDF, ESF, EAFRD and EMFF: Increased economic activity and employment, particularly in Romania's less developed regions and rural areas.

ESF: Increased labour market participation, particularly in Romania's less developed regions and rural areas; better terms and conditions for employees arising from more competitive and formal labour markets across Romania; better transition of young people between education and the world of work; improved position of disadvantaged groups in the labour market.

EAFRD: Increased diversification of economic activity, within the agriculture and forestry sectors and within Romania's rural areas.

EMFF: Increased diversification of economic activity in fisheries sectors and within Romania's fisheries areas.

Thematic objective no. 9 - Promoting social inclusion and combating poverty

Interventions from ESI Funds will contribute towards the achievement of the goal assumed by Romania through the NRP which refers **to the reduction of the number of people at risk of poverty or exclusion by 580,000 people by 2020 compared to 2008.**

<i>Development needs</i>	<i>Proposed Priorities for Funding</i>	<i>Programme</i>
<ul style="list-style-type: none"> ➤ Making Roma inclusion a macroeconomic necessity at both central and local level by designing concrete policies in the field of education, housing, employability and health for improving Roma's welfare and labour market opportunities ➤ Improving the access to healthcare and social services ➤ Creating the needed mechanism for having the local authority as the main actor in eradicating poverty and its consequences at local level ➤ Transition from institutional care to community-based services, including infrastructural support for integrated community care centres. ➤ Promoting the social economy development and supporting social economy entities. ➤ Improve the quality of social and health services provided to the general population and vulnerable groups in particular, including through infrastructural investments ➤ Address the top five pathologies that are responsible for 86% of the morbidity in Romania ➤ Support for development of ICT in health, social assistance and culture ➤ Improve the quality of life and attractiveness of rural settlements 	<ul style="list-style-type: none"> • Developing capacity to create a sustainable and equitable social services system, spanning technical development and improving the skills of professionals and practitioners. • Supporting the deinstitutionalization process by accelerating the transition from the institutional care models to family and community-based care for children, people with disabilities, people with mental problems and elderly • Creating integrated specific action to address the needs of vulnerable persons, groups and communities, where is the case with a focus on Roma people, including actions to improve their educational participation, their integration in the labour market, their access to housing, social and health care services, and actions to combat discrimination. • Exploiting potential in social economy models to support labour market integration of vulnerable groups and their transition to the business models, the development of local services where market models fail to deliver, thereby creating employment and social inclusion. • Developing a pro-active, volunteer oriented and participative culture within general public and social assisted persons and encouraging partnership-based approaches in tackling poverty • Enhancing access to quality social services • Enhancing access to quality health care and treatments, including development of integrated medical and social care services, including at community level, with focus on the services provided in ambulatory settings and developing integrated primary health care specialist with telemedicine support • Implementing integrated measures to reduce the poverty rate and the risk of social exclusion of the vulnerable groups • Developing the social assistance system 	Human Capital OP
	<ul style="list-style-type: none"> • Development of basic infrastructure of social services, focusing community-based infrastructure. • Investments in hospitals and other public health infrastructure • Support for physical, economic and social regeneration of deprived communities in urban areas 	Regional Operational Programme / CLLD

attractiveness of rural settlements including fisheries area	<ul style="list-style-type: none"> • Development of telemedicine systems, digitisation of medical records and supporting medical research using anonymised personal data • Development of e-culture, e-social assistance 	Competiveness OP
	<ul style="list-style-type: none"> • Fostering local development in rural areas through investments in small-scale infrastructure, including local roads, and in setting up/improving local basic services for the rural population • Promoting LEADER community-led local development strategies; 	National Programme for Rural Development

Synergies with other thematic objectives

The proposed priorities under this thematic objective need to be synchronized with the measures addressing entrepreneurship and business models under **objective 1 and 3**, focusing on sectors with growth potential (where is the case), the measures for employment and education, under **thematic objectives 8 and 10** and interventions such as strengthening the capacity of local administration and e-government financed under **thematic objective 2**.

Expected results

Within this thematic objective, the results expected to be achieved through the ESI Funds are as follows:

ERDF and ESF Improved public satisfaction with Romania's health and social services, and better health outcomes, particularly in Romania's less developed regions.

ESF Substantial reduction in the incidence of poverty, particularly among children, Roma and other disadvantaged groups; better outcomes for formerly institutionalised people moving into the community.

EAFRD: Increased quality of life for the rural population through improved infrastructure and services.

Thematic objective no. 10 - Investing in education, skills and lifelong learning

Interventions from ESI Funds under this thematic objective will contribute at enhancing the competences and skills of children, youth and adults in Romania, in order to continuously adapt to the individual interests and potential and to the LM needs. The goals set under this thematic objective aim to prevent and reduce the share of early school leavers down to 11.3%, to increase tertiary education participation, attainment and completion to 26.7%, and, to promote, diversify and increase the participation of adults in LLL up to 10%. These goals were assumed by Romania through the NRP.

<i>Development needs</i>	<i>Proposed Priorities for Funding</i>	<i>Programme</i>
<ul style="list-style-type: none"> • Improving the access, participation and good quality of early childhood education and care • Strengthening the access, quality and learning 	<ul style="list-style-type: none"> • Increase participation, affordability and quality of early childhood education and care (0-6 years old), particularly in the age group 0-3 years old, especially for groups at increased risk of ESL, focusing rural areas and 	Human Capital OP

<i>Development needs</i>	<i>Proposed Priorities for Funding</i>	<i>Programme</i>
<p>achievements in compulsory education</p> <ul style="list-style-type: none"> Increasing the enrolment of primary and secondary education, including IVET Intensive interventions to address the educational needs of groups at risk of exclusion (children from social and economic disadvantaged backgrounds, Roma, SEN, etc.) Improving quality and relevance of VET (both initial and continuous) and tertiary education to the LM needs Enhancing access to and supporting participation in tertiary education Enhancing access and quality of learning provision for adults, with focus on relevant basic and transversal skills Supporting the development of ICT in education Improving educational and training infrastructure Fostering lifelong learning and vocational training in the agriculture, forestry and fisheries sectors. 	<p>Roma.</p> <ul style="list-style-type: none"> Implementing preventive, intervention and compensation measures to reduce ESL, including alternative education pathways, such as “second chance” education and training, focusing rural areas and Roma; supporting intervention measures to address individual educational needs of groups at increased risk of ESL; Increasing enrolment of education and VET system and supporting young people enrolled in compulsory education to get acquainted with the future jobs, focusing rural areas and Roma; Improving all school staff training to use quality assurance and monitoring and evaluation systems, including initial and continuing training; development of educational content, including ICT; Supporting students from rural areas and disadvantaged groups and non-traditional students to increase the access, participation and attainment in tertiary education; Improve governance and management of higher education institutions to improve the quality of teaching and research; increasing relevance of higher education programmes for the LM needs and strengthening the partnerships between universities, business and research; Modernising tertiary education through development of post-graduate studies and supporting internationalisation of higher education, including advanced research and mobility; Supporting measures to promote quality and accessibility of VET, strengthening the capacity of IVT and CVT providers to deliver VET programs correlated with the LM demands, promoting development and integration of LLL services at the level of community, key and transversal competences, provision of basic skills, focusing on low skills and rural areas; Better matching initial and continuing VET with LM needs, ensuring relevance of the training offer, giving priority to future growth potential sectors, promoting partnerships among relevant stakeholders. 	
	<ul style="list-style-type: none"> Supporting measures to develop and implement e-education 	Competitiveness OP
	<ul style="list-style-type: none"> Support for vocational training and skills acquisitions in farm management, 	National

<i>Development needs</i>	<i>Proposed Priorities for Funding</i>	<i>Programme</i>
	sustainable agricultural practices, quality improvement and the use of new technologies specific to agriculture and forestry; <ul style="list-style-type: none"> • Support for demonstration activities to transfer knowledge about new practices in the sector; information and short-term exchanges and visits within the EU to promote the exchange of good practices; and fostering lifelong learning and vocational training in rural areas in general (other than courses or training normally provided in secondary or higher education), such as training on business management or other skills necessary to diversify out of the agricultural sector 	Programme for Rural Development
	<ul style="list-style-type: none"> • Supporting the educational infrastructure and resources development in ECEC, primary and secondary education, tertiary education and VET to improve the education and training quality and relevance for the LM. 	Regional Operational Programme

Synergies with other thematic objectives

Actions under this TO will contribute to related interventions under other TOs:

- Interventions within Tertiary Education field - the investment priority oriented to improvement of the quality, efficiency and openness of the tertiary education, in order to increase the participation and attainment levels of tertiary education graduates - will be correlated with the interventions aiming at strengthening research, technological development and innovation (**Thematic Objective 1**);
- Interventions under **Thematic objective 2** – Enhancing access to, and use and quality of, information and Communication Technologies regarding the developing of ICT products and services, as e-learning, respective the specific objective related to the fostering ICT training and certification both in the formal education systems and complementary to them;
- In **convergence with Thematic objective 3**, TO 10 will contribute to overcome some of the identified obstacles related to the poor level of the SMEs competitiveness, as the shortage of medium and highly skilled labour force and weak entrepreneurship, in particular in rural areas. The specific input of the objective 10 will be to encourage and increase LLL participation, improving labour force skills and competences;
- **Convergence with Thematic objectives 4, 5 and 6** will be correlated with the interventions under TO 10, regarding improving the quality, efficiency and openness of the tertiary education and equivalent education; and encouraging and increasing LLL participation, improving labour force skills and competences, and improving the relevance and quality of education and vocational training systems for the LM;
- **Convergence with TO 8.** The interventions within education and training will be closely co-ordinated with the activities promoting employment and supporting labour mobility, improving the match between skills supply and LM demands by promoting equal access to good quality education for the pupils and students, fostering creativity, problem-solving and entrepreneurial skills in order to ensure the acquisition of the key competencies crucial for their employability;

- **Convergence with Thematic objective 9.** All interventions under TO 10 will target education and training, also for disadvantaged communities and disadvantaged groups of learners (from early education to LLL), and will be closely correlated with the measures promoting other type of social inclusion and combating poverty support, education and training being acknowledged as one of the most powerful tools to escape from the vicious circle of poverty and social exclusion;
- **Convergence with Thematic objective 11.** The interventions within TO 11 will contribute to overcome some of the identified obstacles in the managerial and administrative capacity of the MoNE and subordinated structures representatives, targeting in particular the HR with decision authority in education policy making, at central, county and local level.

Expected Results

Within this thematic objective, the results expected to be achieved through the ESI Funds are as follows:

ERDF and ESF: Good quality education and training at all levels, delivered in an attractive environment.

ESF: Greater embracing of education as a route to personal realisation and family security, particularly among Romania's disadvantaged groups and areas; improved educational and training outcomes, including better transition of young people into the world of work; reduced risk of digital exclusion, particularly in Romania's less developed regions and rural areas.

ESF and EAFRD: A workforce that is progressively more skilled, more flexible and able to meet the changing needs of a globalised economy

Development Challenge 3 “Infrastructure”

In order to tackle this challenge interventions will be conducted under Thematic objectives no.2 and no.7.

Regarding the ICT infrastructure, interventions from ESI Funds will contribute to achieve the objective assumed by Romanian authorities through the National Digital Agenda for Romania, in line with broadband targets of the Digital Agenda for Europe which will ensure **by 2020, access to speeds of above 30 Mbps for all Europeans, and subscription of internet connection above 100 Mbps for 50% or more of European households.**

In the transport sector, intervention from ESI Funds will contribute to promote sustainable, flexible, and safe transport, that is an essential premise for economic development of Romania. Improving connections with European networks and with national/regional networks will lead to higher productivity of Romanian industry and services, to jobs creation, to higher economic growth, and better standards of living. Inter-modality and development of urban transport and of integrated urban transport systems will aim to gas emissions reduction and low carbon economy promotion. All these issues have to be based on more efficient spending of financial resources.

Thematic objective no.2 “Enhancing access to, and use and quality of, information and communication technologies”

Development needs	Proposed Priorities for Funding	Programme
<ul style="list-style-type: none"> Overcoming market failure in the provision of NGA infrastructure and related services in line with The 	<ul style="list-style-type: none"> actions for further support for the extension of Next Generation Access in order to ensure and upgrade broadband networks 	Competitiveness OP

Digital Agenda Strategy for Romania and with The National Plan for the Development of Next Generation Access Infrastructure.		
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Synergies with other thematic objectives

This Thematic Objective has to be in synergy with the proposed priorities under TO 3 “Enhancing the competitiveness of small and medium sized enterprises, the agricultural sector (for EAFRD) and the fisheries and aquaculture sector (for EMFF)”, aiming at providing adequate infrastructure to support e-services.

Expected Results

Within this thematic objective, the results expected to be achieved through the ESI Funds are as follows:

ERDF: Extensive coverage of NGA broadband, of at least 30 Mbps including in rural areas; high level of take-up of NGA broadband services both by business and domestic customers.

Thematic objective no. 7 “Promoting sustainable transport and removing bottlenecks in key network infrastructures”

Development needs	Proposed Priorities for Funding	Programme
<ul style="list-style-type: none"> Improving the accessibility of Romania and its regions and their connectivity with markets thereby significantly reducing the obstacles to their development and diversification in the context of the GTMP Improving the sustainability of Romania's transport mix and the attractiveness alternatives to road-based transport Improving and modernization of urban transport, having in view de-congestion of urban agglomerations 	<ul style="list-style-type: none"> Development of road infrastructure on TEN-T network Development of rail infrastructure on core TEN-T network, especially through the completion on TEN-T corridors Supporting sustainable transport development through traffic safety improvement on TEN-T network, for all transport modes Increasing urban mobility and services for passengers through development of urban transport in Bucharest-Ilfov Region, with an accent on the subway chain. Modernization and development of inter-modal transport, having in view fluidization of freight flows that transit Romania and reducing carbon emissions in urban areas Modernization and development of waterway infrastructure on the Danube River and navigable canals, having in view the promotion of an environmental friendly transport system Development of regional mobility through modernization of rail transport, including investment in infrastructure and rolling stock acquisition 	<p>Large Infrastructure OP</p>

	<ul style="list-style-type: none"> • Development of airports where this is justified, for improving connectivity and supporting regional mobility • Improvement of customs infrastructure 	
	<ul style="list-style-type: none"> • Increasing accessibility of urban areas located in proximity of TEN-T network, through construction and modernization of secondary and tertiary connections to the network, including by-passes, having in view bottlenecks removing and traffic fluidization; 	Regional Program Operational Program

Synergies with other thematic objectives

This TO has to be in synergy with the proposed priorities under TO 4 “Supporting the shift towards a low-carbon economy in all sectors”, TO 5 “Protecting the environment and promoting resource efficiency”, and the “Connecting Europe Facility”. The “Connecting Europe Facility” is a mechanism that envisages investments acceleration within trans-European networks, aiming at better accessibility on the EU internal market and economic growth stimulation.

Expected Results

Within this thematic objective, the results expected to be achieved through the ESI Funds are as follows:

CF: Improved connectivity with international markets; improved accessibility of Romania's less developed regions; a more sustainable transport mix arising from improved utilisation of the rationalised rail network and a greater share of freight being moved by rail and water.

ERDF and CF: Improved traffic safety, particularly on road and rail; reducing travel time, more sustainable urban transport and consequently reduced pollution.

ESF: Improved governance of the transport sector.

Development Challenge 4 “Resources”

Thematic objective no. 4 - Supporting the shift towards a low-carbon economy in all sectors

Interventions from ESI Funds will contribute to achieve the objective assumed by Romanian authorities through the National Reform Plan which will ensure **by 2020, the reduction of greenhouse gas emissions by at least +19% compare to 2005 levels, increase the share of renewable energy in final energy consumption to 24%, and achieve a 19% (estimated 10Mtoe) increase in energy efficiency.**

Developments needs	Proposed Priorities for Funding	Program
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<ul style="list-style-type: none"> Increasing the share of energy generation from renewable energy sources (RES), focusing mostly on resources currently lagging behind and facing low interest from investors Strengthening security of energy supply, by expanding and improving energy transmission and distribution networks for better integration of energy produced from renewable sources Improving energy efficiency and security of supply through the development of smart energy distribution, storage and transmission systems Rehabilitating and extending the use of modern and efficient public area heating systems where these are demonstrably financially sustainable Securing carbon reduction particularly in agriculture, forestry, fisheries and aquaculture. Enhancing energy efficiency in the residential and public building stock and the public realm, including in public lighting Improving the energy efficiency of transport, including urban transport systems and the fishing vessels and processing units 	<ul style="list-style-type: none"> actions to upgrade and build new power and heating production capacities especially for the types of RES which are underused comparing to the existing potential (according to NREAP) and for which there is low investors' interest, in particular by encouraging investment in distributed generation (small and very small capacities) for all types of beneficiaries (public, private and residential) actions to promote investment in solutions for compensating fluctuations due to RES energy production, especially by encouraging energy storage solutions actions to support measures for expanding and upgrading electricity and thermal energy distribution grids, in order to take over then RES energy into the grids actions to promote high efficiency cogeneration actions to expand and upgrade electricity transmission (transport) grids, in order to take over then RES energy and limit the impact of uncontrollable production from RES actions to develop smart energy distribution, storage and transmission systems 	Large Infrastructure OP
	<ul style="list-style-type: none"> actions to improve to the thermal insulation of residential stock, and to public buildings to be prioritised on the basis of systematic appraisal taking into account the cost-efficient reduction of GHG emissions and societal benefits including addressing energy poverty. actions to rehabilitation and renewal of mass transit systems within the framework of sustainable urban mobility plans, where these will make significant contribution to air quality and energy efficiency actions for replacement/improvement of lighting systems in the public realm, particularly in urban areas 	Regional Operational Program
	<ul style="list-style-type: none"> facilitating the supply and use of renewable sources of energy in the agricultural and forestry sectors (by-products, wastes, residues and other non-food raw material) actions to increase energy efficiency by reduction the primary energy consumption in agriculture, forestry and food processing actions to support the reduction in greenhouse gas emissions in agriculture and forestry, notably through the exploitation of land management and 	National Program for Rural Development

	carbon sequestration potential	
	<ul style="list-style-type: none"> actions to promote investment in climate change mitigation/ improving energy efficiency of the fishing vessels and processing units 	OP for Fishing and Maritime Affairs

Synergies with other thematic objectives

Then priorities need to be synchronized with the financed intervention and with the measures for SME's under objective 3, the measures for environment protection under objective 6 and measures for promoting sustainable transport under thematic objective 7.

Expected results

Within this thematic objective, the results expected to be achieved through the ESI Funds are as follows:

CF: increased share of energy generation from renewable sources; maintenance of Romania's low dependency upon imported energy;

CF, ERDF, EAFRD and EMFF: Reduced greenhouse gas emissions; more sustainable urban transport and consequently reduced pollution; improved efficiency of energy use in industry, agriculture, fisheries, the residential sector and the public realm.

Thematic objective no. 5 - Promoting climate change adaptation, risk prevention and management

Developments needs	Proposed Priorities for Funding	Programme
<ul style="list-style-type: none"> Improving Romania's capacity to anticipate, to prevent and to respond to extreme natural and man-made emergencies. Improving Romania's adaptation and resilience to the negative consequences of climate change and, in particular, the increased incidence of extreme heat, drought and flooding events in the Framework of the National Climate Change Strategy. Improving Romania's adaptation and resilience to other natural and man-made disasters risks. Exploiting public investment in climate change adaptation to create new markets 	<ul style="list-style-type: none"> Complete the national system of risk identification and management in the framework of the National Risk Assessment. Build a national culture of disaster risk reduction Set-up and improve the risk monitoring and prevention systems in relation to identified risks: earthquake, flood, landslide, drought, forest fire, erosion and coastal erosion, radiological, chemical, domestic fires enhance professional emergency response services at national level in order to respond to major national and international emergencies, including transnational cooperation in the framework of the Danube and Black Sea macro-regional strategies structural and non-structural measures in order to reduce risks and damage from flooding, drought and erosion strengthen institutional and technical capacity of ESMNS through collaborative solutions between different authorities 	Large Infrastructure OP
	<ul style="list-style-type: none"> sustainable water management systems and practices to combat climate change. conservation of soil and its carbon stock through land management practices such as low tillage, winter crops and forest planting. 	National Rural Development

Developments needs	Proposed Priorities for Funding	Programme
potentially available to SMEs and social enterprises, particularly in Romania's less developed regions and in rural areas.	<ul style="list-style-type: none"> maintaining genetic diversity by supporting local crop varieties and livestock breeds. 	Programme

Synergies with other thematic objectives

The proposed priorities for funding need to be synchronized with the financed intervention and with the measures for ICT services and infrastructure under objective 2, measures to promote the good environmental practice in business under objective 3 and measures for agriculture, forestry and fisheries.

Expected Results

Within this thematic objective, the results expected to be achieved through the ESI Funds are as follows:

CF: Improved anticipation and management of risks, including improved public awareness and capacity for self-protection; improved coordination and speed of response when emergencies do arise; reduced coastal erosion.

CF and EAFRD: Reduced exposure of the Romanian population and territory to flood and drought risks; improved adaptation to climate change in agriculture and forestry.

Thematic objective no. 6 - Protecting the environment and promoting resource efficiency

Developments needs	Proposed Priorities for Funding	Programme
<ul style="list-style-type: none"> Extend public access to water and wastewater services, in the context of the Water Framework Directive and its River Basin Management Plans; Facilitate transition of waste management to a market-led system based upon the waste hierarchy in the context of the Waste Framework Directive; To protect, conserve, restore and sensitively exploit Romania's cultural heritage and natural assets, including landscape, farmland, forests, inland and coastal waters, protected areas, 	<ul style="list-style-type: none"> the extension and modernization of drinking water networks and waste water sewages systems and connection of the population to drinking water supply and waste water systems, including in rural areas, monitoring and drinking water quality. the development of waste infrastructure and services based upon the waste hierarchy - reuse, recycling, energy recovery and disposal New/upgraded investments for the waste to energy sector; reducing the natural resource consumption by increasing the waste recycling ratio as well as promotion of a more efficient use of resources; promotion of waste as secondary raw materials/by-products protection of biodiversity through the development of management plans and investment in restoration and conservation actions development and improvement of the National Air Quality Assessment in line with the requirements of Directive 2008/50/EC and taking into consideration the requirements of 	Large Infrastructure OP

Developments needs	Proposed Priorities for Funding	Programme
<ul style="list-style-type: none"> biodiversity; Development and improvement of the air quality assessment; To address the legacy of derelict and polluted sites and to manage current sources of pollution; Exploiting public investment in environmental protection to create new markets potentially available to SMEs and social enterprises, particularly in Romania's less developed regions and in rural areas. Decreasing abandonment of agricultural activities 	<ul style="list-style-type: none"> rehabilitating of derelict and polluted sites, including decontamination preparation for their economic re-use 	
	<ul style="list-style-type: none"> restoring, preserving and enhancing ecosystems dependent on agriculture and forestry implementing measures to tackle the causes of abandonment of agricultural activities. promoting efficiency in water use in agriculture 	National Rural Development Programme
	<ul style="list-style-type: none"> restoration and conservation of marine and inland water biodiversity within sustainable fishing, aquaculture and data and control activities promote sustainable fishing activities in marine and inland waters; sustainable activities in aquaculture farms 	OP for Fishing and Maritime Affairs
	<ul style="list-style-type: none"> protecting and sustainable valorisation of natural sites, restoration and valorisation of cultural heritage, including valorisation of the local specific tourism potential, the rehabilitation of historical (urban) areas, sustainable capitalization of the cultural patrimony, measures for urban environment (including rehabilitation of industrial polluted sites) 	Regional Operational Program

Synergies with other thematic objectives

Actions under TO6 will complement measures to promote the good environmental practice in business under TO 3, measures for reduction of the carbon emission under TO 4, and broad range of measures for agriculture, forestry and fisheries.

Expected Results

Within this development challenge, the results expected to be achieved through the ESI Funds are as follows:

CF: Increased share of the population to connected to the public drinking water supply and to sewerage systems; increased proportion of waste re-used and recycled.

CF, ESF, EAFRD, EMFF: Reduced loss of biodiversity.

EAFRD: Reduced abandonment of agricultural activities; more sustainable water use in agriculture.

EMFF: Reduce negative impacts upon the marine environment; increase in the diversity of species farmed in aquaculture.

ERDF: Reduction in the area of derelict and polluted former industrial sites; increasing the visitor's number.

Development Challenge 5 "Administration and Government"

Within this challenge, covered for in TO 11 and TO 2, investments under ESIF will be used to achieve optimal institutional environment and provision of quality public services by the administration and the judiciary, in support of the overall efforts to improve the economic growth, competitiveness and quality of life. As key elements, where the ESIF funds will be invested, the following have been outlined: transparency and integrity, efficiency and effectiveness of the administration and the judiciary, and orientation towards the needs of citizens and businesses, including reduction of the administrative burden; e-government and justice, capacity for development, coordination and implementation, monitoring and evaluation of policies at all levels of governance as well as the professionalism and motivation of human resources in the administration and the judicial system (institutional capacity).

Thematic objective no. 11 Enhancing institutional capacity and an efficient public administration

Developments needs	Proposed Priorities for Funding	Programme
<ul style="list-style-type: none"> • an effective system for planning, committing and procuring publicly funded activity, including that part financed by ESIF in pursuit of Romania's development goals. • reforming of public policy, better regulation and governance, transparency and accessibility in the public administration • enhanced administrative and financial capacity at national, regional and local level to implement actions in pursuit of Romania's development goals. • Developing and implementing unitary and long-term human resources strategies and policies • more efficient, transparent and less bureaucratic public administration that imposes a lesser burden on businesses and citizens and enjoys an improved public reputation. • increase and effective cooperation and coordination between central and local public institutions involved in human resource management • better public services delivered throughout the territory of Romania. • developing, introducing and supporting the use of e-government tools and open data concept 	<ul style="list-style-type: none"> • support to strengthen the institutional capacity and efficiency of public entities in planning, committing and procuring publicly funded activity • support to strengthen the accessibility, efficiency and quality of public services, including through delivery via the private sector and social enterprise. • support to reform public policy process (data collection, analysis, strategic planning and monitoring system), administrative culture, the proportionality of regulation and governance. • support to enhance professionalism, integrity, progression and remuneration on the basis of merit in public service • support to reinforce the administrative and financial capacity to manage and implement policies and programmes; • support to strengthen the capacity and improve stability in the corps of personnel involved in managing ESI Funds at national and at beneficiary level • develop and implement clear, transparent, unitary and comprehensive processes and procedures for recruitment, selection and evaluation of personnel employed in public administration as well as develop occupational standards for personnel employed in public administration and an equitable payment system; • developing, introducing and supporting the use of management, monitoring and evaluation systems and tools for an improved institutional and public services performance and change of organizational culture • actions to set up and implement mechanisms to increase complementarity 	<p>Administrative Capacity OP</p>

Developments needs	Proposed Priorities for Funding	Programme
<ul style="list-style-type: none"> more efficient, transparent, accessible and consistent judicial system 	<ul style="list-style-type: none"> between institutions and eliminate overlapping of competences support to improve the organisational and administrative capacity of judicial institutions the human resources, IT system, the accountability and transparency of the judiciary and access to justice. developing and use of IT tools and applications to enhance institutional capacity and efficiency at all levels of public administration. 	
<ul style="list-style-type: none"> developing the cadastre and land registration system 	<ul style="list-style-type: none"> support to develop a national cadastral system to provide certainty of title, promotion of land reform and effective land assembly in support of Romania's development goals 	Regional Operational Programme

Synergy with other thematic objectives

Actions under this thematic objective may contribute, if relevant, to related interventions identified under thematic objective 2, aimed at access to ICT.

Expected results

Within this thematic objective, the results expected to be achieved through the ESI Funds are as follows:

All Funds: A high absorption of ESI Funds and more effective use of Technical Assistance.

ESF: Enhanced organizational culture across public administration, ethics, transparency and integrity, improved public satisfaction with public administration and public services; increased quality and accessibility of public services; improved business satisfaction with the proportionality of administrative burden and regulation; an effective public procurement system able to commission on the basis of quality and best value; Strengthened organizational and administrative capacity of the judiciary institutions and developed human resources, more rapid resolution of civil and criminal proceedings.

ERDF: Reduced obstruction to development and consolidation of agricultural holdings arising from land ownership disputes.

Thematic objective no. 2 Enhancing access to, and use and quality of, information and communication technologies

Developments needs	Proposed Priorities for Funding	Programme
<ul style="list-style-type: none"> developing, introducing and supporting the use of ICT tools and open data concept 	<ul style="list-style-type: none"> implementation of Open Data at the level of all public institutions in order to improving online collaborative and electronic systems. Increasing the use of e-government tools (including training for civil servants) 	Competitiveness Operational Programme

Synergy with other thematic objectives

Actions under this thematic objective may contribute, if relevant, to related interventions identified under thematic objective 11, aimed at improving public administration.

Expected results

Within this thematic objective, the results expected to be achieved through the ESI funds are as follows:

ERDF: Improved efficiency of public administration arising from enhanced use of ICTs and e-government; improved public satisfaction with public administration and public services.

1.4 THE INDICATIVE ALLOCATION OF SUPPORT BY THE UNION BY THEMATIC OBJECTIVE AT NATIONAL LEVEL FOR EACH OF THE ESI FUNDS, AS WELL AS THE TOTAL INDICATIVE AMOUNT OF SUPPORT FORESEEN FOR CLIMATE CHANGE OBJECTIVES

The financial allocation set out must comply with the thematic concentration requirements set out in the Common Provision Regulation and in Fund-specific Regulations and ensure appropriate focus and critical mass of interventions, taking into account the total allocation available.

During 2014-2020, Romania's allocation from ESIF is around € 29¹²⁷ bn current prices, (net amount without the Performance Reserve and Connecting Europe Facility. Having in mind that the negotiation on YEI and Food for Deprived are still in progress, the amounts to be allocated to these two programmes are not excluded from the total allocation above)

The ESIF are the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund (CF) European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF). The allocation for EMFF was estimated taking into account the Romanian allocation for 2007-2013.

1.4.1 The indicative allocation of support by the Union by thematic objective at national level for each of the ESI Funds, as well as the total indicative amount of support foreseen for climate change objectives (% to total allocation)

(%)

TO	ERDF	ESF	CF	EAFRD	EMFF	TOTAL
1. Strengthening research, technological development and innovation	3.49%			0.16%		3.64%
2. Enhancing access to, and use and quality of, information and communication technologies	1.73%			0.07%		1.80%
3. Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF)	2.72%			10.05%	0.34%	13.11%
4. Supporting the shift towards a low-carbon economy in all sectors	8.87%			0.59%	0.02%	9.48%
5. Promoting climate change adaptation, risk prevention and management			1.66%	1.95%		3.61%
6. Protecting the environment and promoting resource efficiency	3.22%		6.95%	4.38%	0.21%	14.76%
7. Promoting sustainable transport and removing bottlenecks in key network infrastructures	6.99%		13.49%			20.47%
8. Promoting employment and supporting labor mobility	0.33%	5.21%		2.78%	0.15%	8.47%
9. Promoting social inclusion and combating poverty	2.34%	3.26%		4.90%		10.50%
10. Investing in education, skills and lifelong learning	2.21%	5.21%		0.21%		7.63%
11. Enhancing institutional capacity and an efficient public administration	1.73%	2.30%				4.03%
Technical Assistance	1.45%	0.32%		0.69%	0.04%	2.50%
TOTAL	35.06%	16.30%	22.10%	25.78%	0.76%	100%

¹²⁷ the amount values/percentages presented into this chapter are informative.

The indicative allocations are calculated based on the net allocation, meaning the financial allocation out of which is extracted the performance reserve (7%). These figures can suffer modifications, due to negotiations carried out between Council and the European Parliament on performance reserve quota.

1.5 THE APPLICATION OF HORIZONTAL PRINCIPLES AND POLICY OBJECTIVES FOR THE IMPLEMENTATION OF THE ESI FUNDS

1.5.1 Arrangements for the partnership principle

Partnership in the preparation of the Partnership Agreement for 2014-2020

The partnership principle represents a key aspect in the programming and management of the ESIF for 2014-2020. It is a pre-requisite for developing realistic economic, social and territorial policies, directed towards sustainable, smart and inclusive growth.

The importance of partnership comes both from the need to ensure transparency of the programming and implementation process, as well as to provide a sense of 'ownership' at the level of all actors involved. To this aim, Romania will encourage collaboration of policymakers, experts and partners (the organisational types prescribed by Article 5 of CPR), as well as integrated actions at the relevant sector or territorial level, in order to improve the effectiveness of policy implementation.

The Memorandum approved by the Government on 13 July 2012 established the partnership framework in order to draw-up 2014-2020 programming documents (*Annex II - Partnership framework diagram*). The coordination is ensured by the MFE and the MFE ensure the presidency of the Inter-institutional Committee for the Partnership Agreement (ICPA).

CIAP has 64 members, out of which 70% are representatives in decision-making of central and local public institutions and 30% are representatives of economic and social environment, trade unions, academic institutions, nongovernmental organisations and other representatives of the civil society.

CIAP were subsequently organized 12 thematic committees in the following thematic areas: transport; environment and climate changes; competitiveness and energy efficiency; communications and information technology; education and training; employment and social inclusion; health and social services; tourism, culture and cultural heritage; rural development, agriculture and fisheries; administration and good governance and regional development and territorial cohesion.

The membership of these committees follow the same principle with CIAP - 30% representation of partners (*Annex III - List of social partners*). The thematic Committees debate and confirm the documents drafted into several working groups on specific issues and propose the agreed elements to CIAP.

The proposals formulated by each Thematic Committee are discussed within the CIAP, which, finally, shall validate the final draft of the partnership agreement and hence the main elements of the implementation, monitoring and evaluation of ESI Funds 2014-2020. In this way, the partnership aims to provide:

- the partners' agreement on the defined priorities and the corresponding financial allocations as well as on the result indicators and the implementation, monitoring and evaluation arrangements;
- complementarity of the interventions financed by different public sources;
- participation and responsible involvement of the partners in the planning process and encouragement of their ownership of the interventions prioritised;
- transparency of the overall process;
- full use of the know-how and specialized expertise of the all actors involved.

In order to ensure a wider consultation framework on the programming documents, under the coordination of MEF, at national and regional level were organized several focus-groups. The

meetings were attended especially by the representatives of the civil society, academic and cultural environment, etc.

Moreover, MEF organized face-to-face meetings with all entities that were interested in programming stages, such as: National Chamber of Commerce of Romania, American Chamber of Commerce in Romania, UNICEF, Hopes and Homes for Children, NGOs working in the field of inclusion, and social protection of Roma and NGOs activating in the field of environment protection.

Partnership in implementation

To ensure the relevance of the actions supported and to increase the efficiency in implementation, the partnership framework will operate beyond the programming phase, and will extend to the management, implementation, monitoring and control of the ESIF. The creation of additional structures at regional level will be encouraged by partnership, trust and cooperation create the necessary conditions for successful implementation.

The partners will be involved in specifying the implementation arrangements and in developing the key documents, such as the applicant guidance, eligibility rules, etc. All the documents to be prepared will be published on the issuer's website (www.fonduri-ue.ro) and an adequate consultation period will be granted. Partners will follow progress in implementation through active participation in the OP MC and by contributing to preparation of the annual progress reports.

Partners will have an animation role to ensure that an adequate project portfolio is developed. Moreover, their feedback will be important in identifying constraints on successful implementation and in developing solutions.

The experience and expertise of partners will be exploited in specifying research into policy effectiveness, in monitoring regulatory provisions and in suggesting potential improvements.

The partnership principle will be promoted at project level by encouraging integrated approaches to local development, taking advantage of the provisions of the new Regulations concerning ITIs, Joint Action Plans and CLLD, where appropriate.

MFE, in its coordinating role, will ensure that the partnership principle is respected by all authorities involved. With this aim, MFE will coordinate the setting up of the Programmes Monitoring Committees and will ensure the participation of partners, which are members of Monitoring Committees in thematic subcommittees subsequent to Management of Partnership Agreement Steering Committee.

1.5.2 Promotion of equality between men and women, non-discrimination and accessibility (with reference to Article 7 of CPR)

The principle of equality of opportunity will be respected and will be applied in the process of drafting, planning and implementing the programming documents. Nevertheless, the country continues to face considerable challenges in its convergence with the European mainstream. Romania remains a very unequal society, with extensive gender segregation in power structures and the labour market (both in urban and rural areas) as well as large disparities in wealth, education, health and opportunities. Elder people and people with disabilities are recognised as disadvantaged, but the practical responses are inadequate to their needs.

Romania's social and economic convergence is held back as a result of persisting inequalities at all levels. In addition to targeted funding actions that address these issues directly, through the requirement to mainstream equal opportunities and non-discrimination, the ESIF will play an important role in raising awareness, in education and in cultural change.

The equal opportunities principle will be promoted at all levels in the context of the partnership structures created for the programming and implementation of ESIF for 2014-2020, by ensuring that participation in the process is open of all persons, regardless of sex, racial or ethnic origin, religion or belief, disability or sexual orientation.

The partnership structures created include representatives of the partners which are involved in the field of equality between men and women, as well as those fighting against other forms of discrimination.

In the field of regional development attention will be given to equality of chances especially by encouraging women participation of women to socio-economic activities and to the jobs created, supporting firms and creation/rehabilitation of infrastructure and services that contribute to the reconciliation between family and professional life, and also by ensuring equal access to new technologies, fact that will ensure socially disadvantaged groups to participate at knowledge based society. Moreover, equality of opportunity will be one of the selection criteria of the projects, and applicants that request financial assistance through all programmes will have to prove that the projects correspond to the equal opportunity policy.

1.5.3 Sustainable development (with reference to article 8 of CPR)

The Romanian Government is committed to ensuring that economic growth and development are achieved in a sustainable manner as required under EU Treaty. The principle of Sustainable Development is an assumed direction for future, determining the increasing quality of life of Romanian people. It does not represent only a comprehensive list of the actions to be taken but a priority included in all national policies.

In this context, three out of five main Development Challenges - Competitiveness, Infrastructure, Resources, will directly contribute to the Sustainable Development. Dedicated actions in the field include promotion of energy efficiency and use of renewable energy sources, reduction of pollution and emissions, including in the agricultural and forestry sectors, promotion of an environmental friendly development, investments in the water and waste sectors, polluted soils or air quality and biodiversity as well as related to risk prevention and management. Use of modern, non-polluting technologies and materials and resource savings will be encouraged, together with the use of ICT and innovative methods of working and learning.

1.5.4 Horizontal policy objectives

Accessibility of the achievements of ESI Funds

All products, goods, services and infrastructures that are co-financed by the ESIF will be accessible to all citizens, including those with disabilities. In particular, accessibility to the physical environment, transport, information and communication technologies in order to achieve inclusion for disadvantaged groups, including persons with disabilities has to be ensured. Managing authorities will undertake actions throughout the programme lifecycle to identify and remove existing accessibility barriers or prevent new ones.

Addressing demographic change

The challenges resulting from demographic change will be taken into account in all phases of ESIF implementation.

The current Partnership Agreement enhances job opportunities for the elderly and young people and includes investments in living standards, including health infrastructures, drinking water, waste etc. In addition, it creates facilities family-friendly aspects by supporting child raising (investments in nurseries) and support vulnerable groups to integrate in the labour market.

Climate change mitigation and adaptation

Climate change mitigation and adaptation is now a priority for the Cohesion Policy implementation in Romania and the aspects related to the climate changes are integrated in the preparation of the Partnership Agreement and will be followed up during all phases, programming, implementation, monitoring and evaluation of all funds.

The visibility of contributions towards the goal of a spending of at least 20% of the allocation on climate change mitigation is ensured. An adequate share of funds is in fact committed to measures

which envisage climate change mitigation and adaptation, for example promoting energy efficiency, renewable energy, clean transport, risk management, enhancing the competitiveness of small and medium-sized enterprises etc.

Also, operational programmes financed in the period 2014-2020 will take into account interventions to ensure that investments in all the sectors take climate change into consideration in more direct, explicit and integrated ways, thus ensuring that FESI are spent on climate change resilient projects.

1.6 The list of the programmes under the ERDF, the ESF, the Cohesion Fund, except those under the European territorial cooperation goal, and of the programmes of the EAFRD and the EMFF, with the respective indicative allocations by ESI Fund and by year (In Progress)

Eu Policy	Programmes	Fund
European Cohesion Policy	Large infrastructure OP	ERDF & CF
	Human Capital OP	ESF
	Administrative Capacity OP	ESF
	ROP	ERDF
	Competitiveness OP	ERDF
	Technical Assistance OP	ERDF

2. ARRANGEMENTS TO ENSURE EFFECTIVE IMPLEMENTATION ARTICLE 14(1) (B) CPR

2.1 Arrangements for coordinating EU and national funding instruments

Identification of areas of intervention for strengthening synergy and avoid overlapping

Strengthening synergies and complementarities between ESI funds and between them and other financing instruments, including European, national and other foreign assistance, is essential for reaching the highest effects on the Romanian economy and society. This correlation will be ensured in both planning and execution phase.

At the present stage of programming, the most important links are shown in Table X. Similarly to previous programming period, during 2014-2020, EIB financing instruments will be necessary.

The coordination of the above-mentioned funds and sources is an implementation task of both the concerned OP and the central coordination.

Lessons learned from 2007-2013 programming period

In the 2007-2013 programming period, synergies and complementarities between Programmes and between Priorities within Programmes have been in place in principle. At the broadest level, the NSRF involved a series of complementary OPs, and considerable work was done at the ex-ante stage to ensure that overt overlap or duplication was minimised. Nevertheless, a number of OPs were dealing with similar but different aspects of the same sectors and issues, and it was not clear to what extent there was practical on the ground co-ordination and efforts to ensure complementarity in this regard. Some of the remits of Priority Axes also made this challenging. For instance, the health and education sectors were supported by both the Regional and Competitiveness OPs, in one case through infrastructure and in the other through ICT. Based in particular on the OPTA Interim Evaluation, which considered this issue on an NSRF-wide basis, Ad Hoc Working Groups do appeared to be an

effective approach to improving co-ordination and synergies, and removing obstacles to both implementation and impact.

The Interim Evaluation of OPTA made specific reference to co-ordination levels across OPs. However, a challenge still is that this level of co-ordination and co-operation is very much focused on procedures and processes, rather than actual substance. There is scope for more practical co-operation therefore at both the strategic and at the micro level. In the latter case, more sharing of information about individual beneficiaries across the NSRF would be helpful.

Arrangements and structures to coordinate to support the complementary use of the ESI Funds and avoid duplication

The institutional coordination mechanism, proposed for next programming period, implies a number of levels presented below:

Level 1 – Management of Partnership Agreement Steering Committee (MPASC) will be set up as an inter-ministerial committee under the responsibility of Ministry of European Funds.

<i>Role</i>	Strategic coordination of the implementation of the PA/ ESI Programs
<i>Composition</i>	Line ministries responsible with policy areas covered by Partnership Agreement
<i>Meetings</i>	Twice a year
<i>Representation</i>	Policy makers at secretary of state level
<i>Secretariat</i>	General Directorate for Analysis, Programming and Evaluation of the Ministry of European Funds

Level 2 – Thematic steering sub-committees

There will be five thematic sub-committees, according to the five national funding priorities, set up under the coordination of the Ministry of European Funds, namely:

1. Promoting economic competitiveness and local development
2. Improving human capital through higher employment and better social inclusion and education policies
3. Developing modern infrastructure for growth and jobs
4. Optimising the use and protection of natural resources and assets
5. Modernisation and reinforcement of the national administration and of judiciary

<i>Role</i>	<ul style="list-style-type: none"> • Identifying developments/changes within various policy areas and their impact on the strategy of the Partnership Agreement and Operational Programmes • Examination of continuous relevance of the Partnership Agreement • Overseeing meeting the ex-ante conditionalities • Ensuring synergy and coherence of ESI funds by <ul style="list-style-type: none"> o examination of (proposed) projects eligibility and selection criteria o examination of calendar for request of proposals and its observance o examination of coherence in time of projects appraisal and contracting o examination of financial, output and result indicators, both committed and achieved o identifying the main bottlenecks in implementation o examination of evaluation results and follow-up of recommendations • Ensuring coherence with other EU and national instruments
<i>Composition</i>	line ministries responsible with policy area, responsible MAs, EIB, representatives of partners which are members of the Programmes Monitoring Committees according to Art.42 CPR
<i>Reports to</i>	Steering Committee for Partnership Agreement
<i>Meetings</i>	Twice a year
<i>Representation</i>	Decision makers at (general) director level

<i>Secretariat</i>	General Directorate for Analysis, Programming and Evaluation of the Ministry of European Funds
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Level 3 – Functional Working Groups

There will be three functional working groups set up under the coordination of the Ministry of European Funds, as follows:

1. *Operational FWG* spanning the following indicative area of interest
 - Simplification: administrative burden, one-stop shop, simplified options and global grants
 - Operational procedures, audit, irregularities and frauds
 - Electronic systems and data exchange
 - Communication
 - Public procurement (co-chaired by ANRMAP and MFE)
 - Technical assistance and human resources
 - Horizontal principles
 - State aid
2. *Performance Assessment FWG* with the coverage suggested below
 - Performance framework
 - Evaluation
 - Reporting
 - Statistics and indicators
 - Financial Management and Forecasting
3. *New approaches FWG* covering
 - Financial instruments
 - Urban development
 - Integrated territorial investments
 - Community local led development

<i>Role</i>	Harmonisation of approaches, guidance and capacity building in each identified field, including coordination of networks wherever appropriate
<i>Composition</i>	Experts in MEF and MAs and other experts if the case may be
<i>Reports to</i>	Thematic steering sub-committees
<i>Meetings</i>	Each three months, or whenever necessary
<i>Representation</i>	Level of experts
<i>Secretariat</i>	General Directorate for Analysis, Programming and Evaluation of the Ministry of European Funds

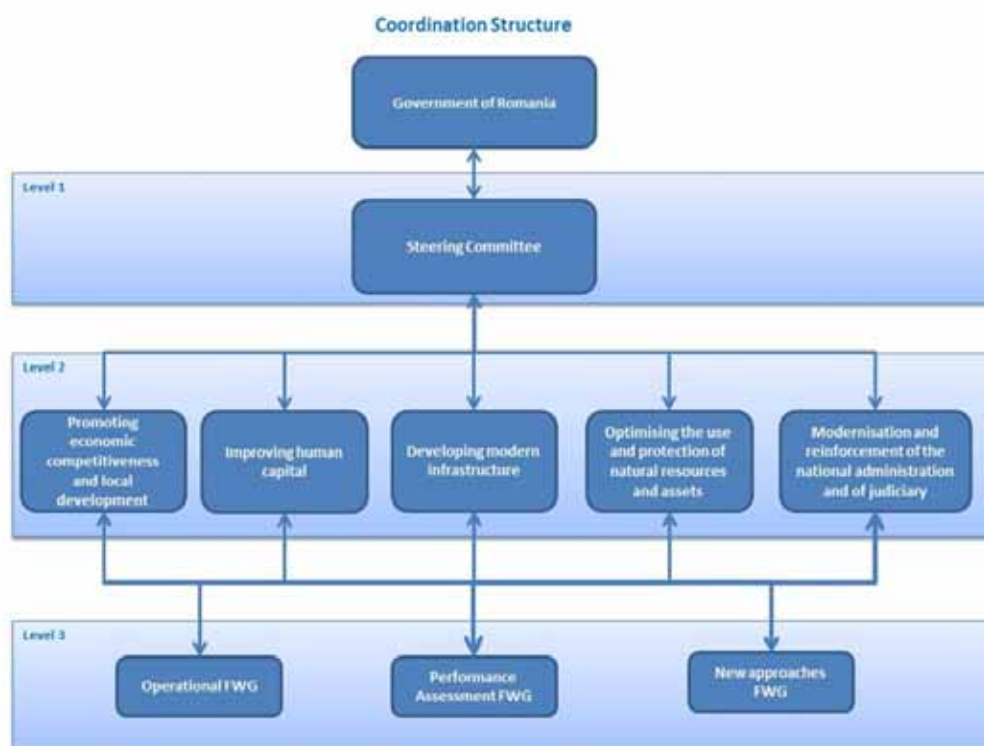


Table X: Correlation table

Development challenge	Thematic objective	Correlation (according to PA, chapter 1.3)	Policy area	ESI Programmes	EU instruments	National indicative programmes and foreign assistance
COMPETITIVENESS TO 1, 2, 3, 4, 8, 10, 11	1 Strengthening research, technological development and innovation	Need to be synchronized with the financed measures addressing entrepreneurship and business models under TO 3 , the measures for employment, education, and skills under TO 8 and TO 10 and the measures covered by Digital Agenda under TO 2 .	RDI ICT Labour Education Enterprises Agriculture Fishery Public administration	COMP OP HC OP AC OP NRDP OP FMA ETC Programs ROP	Horizon 2020 ¹²⁸ European Innovation Partnership Erasmus for All programme the EU Programme for the Competitiveness of Enterprises and SMEs COSME	<ul style="list-style-type: none"> - National Programmes for RDI - Mihail Kogalniceanu Program for SMEs - Multiannual national program to support crafts and handicrafts - Program for modernization of product marketing activities and market services - State aid and de minimis schemes managed by the Ministry of Public Finance - National Beekeeping Programme - National support programs for the wine sector of Romania, 2014-2018 - Program for development or updating of regional planning documentation for areas with historical monuments entered in the World Heritage List - Co-financing program for landslides risk maps - Housing programmes - National programme for local development - Socio-cultural and sport programmes
	3 Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector and the fisheries and aquaculture sector	Need to be synchronized with the financed measures addressing administrative burden on SMEs under TO 11 ; employment, education, and skills under TO 8 and TO 10 ; the energy efficiency measures and low-carbon economy under TO 4 .	Energy Environment Territorial&Regional development (including ITI, CLLD, ETC and macro-regional and sea-basin strategies)			<p>Bilateral aid</p> <ul style="list-style-type: none"> ▶ 2009-2014 EEA and Norway grants¹²⁹ (fields supported/ to be supported: <i>Research in the priority sectors, Green Industry Innovation</i>) ▶ Swiss – Romanian Cooperation Programme (areas financed from this contribution: <i>promoting private sector with a particular focus to improving of the business environment and the access to financing for SMEs, improving the regulations in the financial sector and strengthening of the financial markets and institutions, as well as the private sector development and promoting of SMEs exports and standard</i>)

¹²⁸ complementarity consists in supporting by ESI funded programmes the Romanian players to participate in Horizon 2020, by significant RDI capacity building

¹²⁹ The programming process of the EEA and Norwegian Financial Mechanisms has complied with the need to ensure complementarity and avoid overlap with the structural and cohesion funds (2007-2013). Within the priority areas, funding gaps were identified and the need for support has been thoroughly justified.

Development challenge	Thematic objective	Correlation (according to PA, chapter 1.3)	Policy area	ESI Programmes	EU instruments	National indicative programmes and foreign assistance
PEOPLE AND SOCIETY TO 1, 2, 3, 8, 9, 10, 11	8 Promoting employment and supporting labor mobility	Need to be synchronized with the financed intervention with the measures addressing entrepreneurship and business models under TO 1 and TO 3 , focusing on sectors with growth potential, the measures for social inclusion and education under TO 9 and TO 10 , and interventions such as e-government financed under TO 11 .	Employment RDI Enterprises Social assistance Education	HC OP COMP OP AC OP ROP NRDP OP FMA ETC programme s	<ul style="list-style-type: none"> - Marie Skłodowska-Curie Actions - Erasmus for All programme - Material assistance operational programme - Social inclusion operational programme - Asylum and Migration Fund - Programme for Social Change and Innovation - Creative Europe - Social Change for innovation 	<ul style="list-style-type: none"> - Program to stimulate the establishment and development of micro enterprises by young entrepreneurs - Program to develop entrepreneurial skills among young people and facilitating their access to funding START - Program for entrepreneurial culture among women managers in the SME sector - Ministry of Labour programmes - Ministry of Education programmes <p>Bilateral aid</p> <p>► 2009-2014 EEA and Norway grants (fields supported/ to be supported: <i>Promoting gender equality and balance between work and personal life, Children and young people at risk and local and regional initiatives to reduce national inequalities and to promote social inclusion, Scholarship Fund; Public Health Initiatives</i>)</p> <p>► Swiss – Romanian Cooperation Programme (areas financed from this contribution: <i>human resources and social development</i> with an aim to strengthening of academic exchange between Switzerland and Romania. With this purpose, a Scholarship Fund and a Research Funds are to be created. A special focus will be put on promoting social inclusion of Roma population and other vulnerable groups)</p>
	9 Promoting social inclusion and combating poverty	Need to be synchronized with the financed intervention with the measures addressing entrepreneurship and business models under TO 1 and TO 3 , focusing on sectors with growth potential, the measures for employment and education, under TO 8 and TO 10 and interventions such as e-government financed under TO 2 .	Governance ICT Agriculture Fishery			
	10 Investing in education, skills and lifelong learning	Need to be synchronized with the financed intervention with the measures addressing entrepreneurship and business models under TO 1 and TO 3 , focusing on sectors with growth potential, the measures for employment and social inclusion, under TO 8 and TO 9 and interventions such as e-government financed under TO 2 .	Territorial&Regional development (including ITI, CLLD, ETC and macro-regional and sea-basin strategies)			

Development challenge	Thematic objective	Correlation (according to PA, chapter 1.3)	Policy area	ESI Programmes	EU instruments	National indicative programmes and foreign assistance
INFRASTRUCTURE TO 1, 2, 3, 4, 6, 7, 8, 9, 10, 11	2 Enhancing access to, and use and quality of, information and communication technologies	Need to be synchronized with the financed intervention and with the measures addressing innovation under TO 1 , entrepreneurship and business under TO 3 , measures for employment under TO 8 , measures for inclusion under TO 9 , measures for education and skills TO 10 and measures for enhancing institutional capacity under TO 11 .	Transport RDI ICT Enterprises Energy Environment Employment Education Governance Fishery	LI OP COMP OP ROP HC OP AC OP OP FMA ETC	Connecting Europe Facility "Smart, Green and Integrated transport" Challenge of Horizon 2020	
	7 Promoting sustainable transport and removing bottlenecks in key network infrastructures	Need to be synchronized with the financed intervention and with the measures for supporting the shift towards a low-carbon economy in all sectors under TO 4 and measures for protecting the environment under TO 6 .	Territorial&Regional development (including ITI, CLLD, ETC and macro-regional and sea-basin strategies)			
RESOURCES TO 3, 4, 5, 6, 7	4 Supporting the shift towards a low-carbon economy in all sectors	Need to be synchronized with the financed intervention and with the measures for environment protection under TO 6 and measures for promoting sustainable transport under TO 7 .	Environment Energy Enterprises Transport Agriculture Fishery	LI OP COMP OP NRDP PO FMA ETC	LIFE programme NER300 Programme	- Environmental and water management multiannual priority program - Risks mitigation - Water management priority investments - Integrated control of nutrients pollution - Forestry road reconstruction - Thermal rehabilitation programme
	5 Promoting climate change adaptation, risk prevention and management	Need to be synchronized with the financed intervention and with the measures for ICT services and infrastructure under TO 2 , measures to promote the good environmental practice in business under TO 3 and measures for agriculture, forestry and fisheries .	Territorial&Regional development (including ITI, CLLD, ETC and macro-regional and sea-basin strategies)			Bilateral aid ► 2009-2014 EEA and Norway grants (fields supported/ to be supported: <i>Biodiversity and ecosystem services, Environmental monitoring and integrated planning and control, Reducing the use of dangerous substances, energy efficiency, renewable energy, adapting to climate change, Conservation and Revitalisation of Cultural and Natural Heritage; Promotion of Diversity in Culture and Arts within European Cultural Heritage</i>)
	6 Promoting the environment and promoting resource	Need to be synchronized with the financed intervention and with the measures to promote the good environmental practice in business				► Swiss – Romanian Cooperation Programme

Development challenge	Thematic objective	Correlation (according to PA, chapter 1.3)	Policy area	ESI Programmes	EU instruments	National indicative programmes and foreign assistance
	efficiency	under TO 3 , measures for reduction of the carbon emission under TO 4 , and measures for agriculture, forestry and fisheries .				(areas financed from this contribution: <i>Environment</i> with a focus on <i>contributing to the renewable energy management in municipalities</i>)
GOVERNANCE TO 2, 11	11 Enhancing institutional capacity and an efficient public administration	Actions under this thematic objective may contribute, if relevant, to related interventions identified under TO 2 , aimed at access to ICT.	Public Administration ICT Justice Territorial&Regional development (including ITI, CLLD, ETC and macro-regional and sea-basin strategies)	AC OP COMP OP TA OP		Bilateral aid <ul style="list-style-type: none"> ▶ 2009-2014 EEA and Norway grants (fields supported/ to be supported: <i>Strengthening the development of the civil society and an enhanced contribution to social justice, democracy and sustainable development (NGO Fund), Schengen Cooperation and Combating Cross-border and Organised Crime, including Trafficking and Itinerant Criminal Groups; Capacity-building and Institutional Cooperation, Judicial Capacity-building and Cooperation, Correctional Services, including Non-custodial Sanctions</i>) ▶ Swiss – Romanian Cooperation Programme (areas financed from this contribution: <i>security, stability and support for reforms (border security, management capacity at local and regional levels, modernization of the judicial system, etc.)</i>)

2.2 Ex-Ante verification of compliance with the rules on additionality

Romania, although is not a member of the Monetary Union, supported the new economic governance promoted by the EC. Romania joined the „Treaty regarding the stability, coordination and governance in the economic and monetary union” („Fiscal Pact”), engaging to continue the fiscal consolidation process as to ensure the public finance stability.

A key concept used by the Stability and growth pact and with a growing role in the configuration of the future national budgetary policies following the adoption of the Fiscal Pact is „medium-term budgetary objective” (MTO) specific for each country.

MTO for Romania is -1%, which means that the structural budgetary deficit should not exceed 1% from GDP in the medium term. Romania undertook the commitment according with Convergence Program to achieve this objective from 2015.

A second European provision which can influence the future evolution of the indicators of additionality analysis is the one regarding the dynamics of the budgetary costs, that do not have to exceed the one regarding the GDP.

Romania has demonstrated his commitment for the stability of the public finances scrolling with success 2 agreements with EC and IMF and has managed to reduce significantly the budgetary deficit.

After the macroeconomic stabilization, the next stage for Romania is the implementation of the measures to ensure the sustainable economic growth and the implementation of the structural measures, as is provided in the new precautionary agreement discussed with CE and IMF. This action requires the significant investments in economy, including from European funds financing.

Consequently, is estimated that until 2020, due to the reducing share of expenditures of the general government in GDP, the budgetary costs with the fixed capital gross will increase their share in GDP. This evolution will be recorded given that the medium-term budgetary objective it will be -1% starting with 2015.

	2013	2014	2015	2016	2017	2018	2019	2020
Expenditure of the General Government as a share of GDP (TE)	36.2	36.1	36.0	35.8	35.6	35.5	35.2	35.0
Gross Fixed Capital Formation as a share of GDP (P51)	5.0	5.2	5.3	5.6	5.7	5.8	5.9	6.0

At national level, the less developed regions cover more than 99% of total population.

2.3. Summary of the assessment of the fulfilment of applicable ex-ante conditionalities

It is well known that ex-ante conditionalities are an essential part of the preparations for the next programming period. They represent pre-conditions that Romania will have to fulfil and are linked to the effective and efficient use of ESIF. Romania identified the applicable ex-ante conditionalities (specific and general) and determined their degree of fulfilment of the all criterias. For the ex-ante conditionalities or criterias not be fulfilled by the time the Partnership Agreement has been submitted, Romania presented action plans and a timetable for implementation in order to fulfill it no later than 31 December 2016.

The ANNEX IV presents a summary of all applicable general and thematic/fund-specific ex-ante conditionalities at national level and action plans for the ex-ante conditionalities or criterias not fulfilled.

2.4. The methodology and mechanism to ensure consistency in the functioning of the performance framework in accordance with Article 19 of the CPR

Methodological approach to ensure consistency in selection of indicators across programmes and priorities

According to the General Regulation on the ESI funds and the EC guidelines, there are three categories of indicators to be included in the programme performance framework. They are financial, output and, where appropriate, result indicators. In a situation where no measurable output is expected by the end of 2018, a key implementation step should be used to set a milestone.

There should be only one financial indicator to be used in programmes, namely:

- in the case of ERDF, ESF, CF and EMFF, the financial indicator is *the amount of eligible expenditure paid to beneficiaries*, entered into SMIS 2014 or, as the case may be, MIS for EMFF or MIS for ETC;
- in the case of EAFRD, the financial indicator is *expenditure on completed operations for which the final payment to the beneficiary has been made and which the Managing Authority has entered into the operations database of a rural development programme's monitoring system*.

The following approach¹³⁰ for ensuring the needed consistency for the selection of output indicators at both programme and Partnership Agreement level will be applied:

- identifying the intervention fields corresponding to each priority and related EU budget financial allocation;
- compiling a correlation table between investment priorities and output indicators, by adding output indicators defined in the proposed programmes;
- identifying common intervention fields and difference in the label of indicators corresponding to the same intervention field;
- proposing a unified output indicator label as much as possible;
- incorporating the unified output indicators in the revised programme and in correlation table;
- choice for the performance framework of that output indicator from a priority which correspond to the intervention field with highest allocation;
- assessing, with the support of ex-ante evaluators, to what extent selected outputs indicators are expected to have an achieved value by the end of 2018. If expected outputs are insignificant, then implementation steps are to be defined.

Implementation steps should be formulated in such a way that a yes/no answer can be given with certainty in end 2018, when the question on their fulfilment is raised. In order to ensure the homogeneity, the key implementation step should be the same for similar types of intervention as a general rule.

In terms of result indicators, Romania will not adopt them in the performance framework considering that they are not appropriate because of the timing when results can be achieved and the need for evaluation to disentangle the effects of the policy from those of factors external to the programme.

Methodological approach to ensure consistency in setting milestones and targets

¹³⁰ The approach will be applied for ERDF, ESF, CF and EMFF. For the EAFRD, the Managing Authorities must use selected common output indicators for each priority. These indicators will be defined in the EAFRD's common monitoring and evaluation system.

Ex-ante evaluators at the level of programmes funded by ERDF, ESF and CF are asked to propose and implement a methodology for setting milestones and targets for the performance framework of each programme. Since all these evaluations are commissioned and managed by the Evaluation Central Unit of the Ministry of European Funds¹³¹, a first pre-requisite in ensuring consistency in setting milestones and targets across programmes and priorities is in place.

In this respect, ECU will act towards ensuring coherence between methodologies for setting milestones and targets for the performance framework by:

- assessing the methodologies proposed by ex-ante evaluators;
- identifying differences in methodologies and possible consequences together with evaluators;
- reaching a common agreement with the ex-ante evaluators on the proposed methodologies.

Monitoring mechanisms to ensure early detection of potential performance issues and the system for the follow-up of detected issues

Recognising that 2018 is a late reference date for remedial measures to be implemented in order to rectify a possible failure in 2022, a forecasting tool will be developed for the indicators included in the performance framework, whenever possible, based on experience gained and using, at least for the first years of implementation, data sets related to the 2007-2013 programming period. If significant differences appear between forecasted values and the milestones and targets of the performance framework, an ad-hoc evaluation will be triggered to identify the causes and issue recommendations for their alleviation.

2.5 Measures to reinforce administrative capacity

The needs for the reinforcement of administrative capacity of the authorities and beneficiaries

In order to continue the strengthening process, and with a view to the 2014- 2020 programming period the Ministry of European Funds has commissioned an assessment of the administrative capacity of the institutions with responsibilities in the management of CSF funds as part of the Ex-ante evaluation of the Partnership Agreement. A first assessment, focused on the 2007-2013 experience, has been carried out and will be followed by two subsequent assessments, to take place during the time that the process of setting up the institutional framework for 2014-2020 will progress. The assessment covers the administrative capacity of the authorities and the beneficiaries, both of whom contribute to the operational programmes performance.

A summary of the main needs for improving the administrative capacity of the authorities and beneficiaries, based on the conclusions of the assessment, is presented below.

The administrative capacity of the authorities

For the 2007-2013 programming period, the institutional set up, the formal allocation of responsibilities, and the establishment of the internal rules comply with the requirements of the regulations, but **the proper functioning of the institutions and of the whole system is a key issue**. The coordinating bodies (e.g. ACIS) and a number of the MAs did not have sufficient authority to ensure consistent approaches, simple and coherent procedures, the avoidance of overlaps of responsibilities, and the effective implementation of action plans across institutions in order to resolve the key problems.

Since the beginning of year 2011 the Romanian Government implemented the Priority Action Plan for increasing the capacity to absorb Structural and Cohesion funds (PAP), whose overall objective was to address the problems and deficiencies that affect the most the implementation process of structural and cohesion funds with a view to removing or reducing significantly of the obstacles to absorption.

¹³¹ Except those for programmes under the ETC objective

With the view to secure the absorption objectives and to prepare the future programming period, a new action plan for improving the administrative capacity for EU funds management was elaborated in November 2012 and discussed with the services from EC in the beginning of 2013. The Plan for the Administrative Capacity takes over the measures still in progress from the PAP and includes new measures comprising development of procedures, methodologies and protocols to strength the administrative capacity of the public authorities responsible with EU funds management, project implementation assistance for beneficiaries, and the preparation of institutional architecture for the management and implementation of European Structural and Investments Funds 2014-2020. The Plan is now under development and it will be submitted to the EC by the end of the October.

The experience of the current programming period indicates the fact that **increased authority of the management and coordinating bodies, stability of the organisations' structures and the whole overall framework** have to be ensured, in order to improve the institutional performance and the inter-institutional cooperation.

A significant number of organisations in the system had **difficulties in ensuring the adequate human resources both quantitatively and qualitatively**. The austerity measures undertaken in 2010 blocked the resourcing that was required by the volume of work and the increasing number of contracts in implementation. The significant salaries cuts in the whole public system generated a high turnover, high vacancy rates and resultant increased workloads on the existing staff. The **management and the human resources function** in the organisations were not able to find solutions to these problems, and the technical assistance resources were not used sufficiently enough to cover the internal lack of resources mainly due to the difficulties of the public procurement processes. The assessment revealed **an insufficient capacity of the organisations to effectively use HR policies and practices** to ensure adequate resourcing and to respond to the challenges.

The assessment indicated a number of issues that need to be addressed to ensure proper functioning and an adequate level of performance of the staff including improved HR planning based on the effective use of workload analysis and an improved reward system linked to performance able to motivate and retain good professionals and stimulate performance. A shift from a competences and process based approach to a **"results based" performance management one is needed to better orient efforts toward the OPs performance targets**.

The training function has to ensure **the continuous development of the staff** in all areas and **in specific interventions for the critical areas expertise identified**, e.g. state aid, environment regulations, risk management, internal audit, public procurement, financial management and control, EU and national legislation and management skills. Technical assistance should be available for the cases where it is not efficient or possible to build the expertise needed in-house.

The experience of the current programming period shows that the **systems and tools** were created and put in place, covering the necessary processes in all phases of the programme cycle, but **many of them are not properly used and are not effective**.

The occurrence of irregularities, some of which were of a systemic nature, and mainly in the public procurement processes, required urgent measures to be imposed to **strengthen the management and control systems**.

The overregulated system, complicated and unclear procedures, excessive bureaucracy and high administrative burden has slowed down and even blocked the processes, mainly at the expense of the beneficiaries.

Improvements are needed to strengthen the management and control systems, simplification of operations, procedures and reduction of the administrative burden.

The administrative capacity of the beneficiaries

The programming period 2007-2013 was **a challenge for the beneficiaries**, due the new rules that were significantly different than those applied in the pre-accession programme, the larger sizes of the projects and in some cases involvement of the same entity in a large number of projects.

The capabilities continue to be built and included **creation and strengthening of dedicated departments** for project development and implementation, competences development through formal training and through learning by doing. In the case of private beneficiaries, who are accessing funds for their own development, the capacity for project development and implementation relies mostly on outsourcing the services to consultancy companies. The capacity to manage projects varies depending on the type of beneficiary.

An important segment of beneficiaries are the public institutions from the local level (counties and localities), the main operators in environment and transport, institutions in education and labour market sector, etc., who are responsible for a large amount of funding to be absorbed and the corresponding achievements. The **project management capacities built in these institutions are a strong basis for further development**.

Nevertheless, the level of performance of the operational programmes and individual projects indicate the need for improvements in all types of beneficiaries. In the case of the large public beneficiaries, **strengthening of the organisational capabilities** to ensure sustainable capacities for project management is a key need and includes improved management and control systems, better integration with other functions of the institution, and improved competences in specific areas of expertise. **Public procurement, project management skills**, continue to be the training priorities, partially due to the lack of clarity and changing guidelines, procedures and instructions, unfriendly support tools, and variable interpretation of the procedures at different levels of control. Continuous development in project management with a better focus on development qualitative issues will remain a priority need for the next programming period. Evaluations have also indicated **limited technical capacity** in specific areas and a **low quality of the technical documentation** mainly for infrastructure projects. There has also been indicated **staffing difficulties, shortages of skills, and project managers or consultants** in the case of specific beneficiaries or specific sectors, (e.g. public administration in smaller localities and rural areas or specific sectors with that have benefitted less from public investments in the past, such as waste management). The beneficiaries need to improve capacity to use outsourced services in order to compensate for the gaps in their internal resources.

In the case of private and small beneficiaries, they have to be ensured **simple procedures, clear guidelines** and **easy access to consultancy services** in terms of availability and affordability, depending on the type of beneficiary, to successfully access, implement and manage ESIF supported initiatives.

On the supply side, the consultancy services have to evolve to respond to the market needs. **Fair competition, with clear implementation processes and a focus on quality** instead of administrative compliance, will enhance the development of the consultancy services market.

An important factor influencing the beneficiaries' capacity to implement EU funded projects is the limited capacity of the beneficiaries to mobilise financial resources for co-financing and the cash-flow needed for implementation. The beneficiaries encountered additional difficulties due to large delays of the reimbursements, difficult access to pre-financing, bank loans and changing loan conditions between the application and the contracting date. **The limited capacity to mobilise the financial resources remains a key issue and risk factor for programmes performance**.

There is a need to improve capacity of the beneficiaries to manage projects, the project management and technical skills, access to support services and financial resources.

National response to address weaknesses in the capacity of authorities and beneficiaries

<i>The lessons learned from 2007-2013 indicate the</i>	<i>National response: Redesign of the institutional</i>
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<i>need to ensure sufficient power to the coordinating structures and MAs to ensure an effective management and coordination.</i>	<i>framework strengthening the management and coordination functions</i>
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The redesign of the institutional framework aims at strengthening the management and coordination function. The centralisation process has already started with the creation of the Ministry of European Funds, a structure dedicated to the management of the system, with sufficient power over the structures in other ministries to ensure more coherence and better coordination.

The 2014-2020 Romanian institutional framework, as shown in the diagram below (Figure X) will concentrate the management functions in three core line ministries that have already demonstrated good management capacity: The Ministry of Regional Development and Public Administration; The Ministry of Agriculture and Rural Development; and The Ministry of European Funds.

The Ministry of European Funds will accommodate the MAs for a number of OPs for which management and coordination strengthening has proved to be needed (competitiveness, human capital, and infrastructure). The Ministry will also be responsible for the system coordination.

In this way **limiting the dispersal of functions, empowering the coordinating structures, increasing the coherence between management and control systems and streamlining of the procedures** will create a favourable environment for performance at all levels.

The intermediary bodies, again similar to the Polish model, will be located in ministries/institutions with responsibilities in the specific sector, ensuring a continuation as much as possible of their previous experience in the 2007-2013 programmes cycle, either as IBs or in some cases as MAs. The existing regional structures will be used to ensure close contact with beneficiaries at all territorial levels and avoiding the creation of new structures.

<i>The lessons learned from 2007-2013 indicate an insufficient capacity to use HR policies and practices to ensure adequate resourcing, continuous development of the human resources and an effective performance management, able to respond to the challenges of the system.</i>	<i>National response: A horizontal policy for human resources involved in the management of the EU funds and support for introduction of effective HR practices</i>
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The policy intervention will be structured in the form of a long term plan that will include measures with short and medium term actions with its starting point the Action Plan that is currently under preparation for improving the administrative capacity in the current programming period. The measures will define a renewed human resources policy that will address the key weaknesses in the human resources area including planning, the effective use of comprehensive workload analyses, more efficient recruitment, and a performance management system based on results linked to a reward system.

The TA will be used to support the effective implementation of the HR policy including creation of the capacity, development of the tools and implementation. The measures will be coherent with and enhanced by the interventions undertaken within the entire public administration system to improve the administrative capacity

<i>The lessons learned from 2007-2013 indicate Improvements are needed to strengthen the management and control systems; Simplification of operations, procedures and reduction of the administrative burden.</i>	<i>National response: More efficient systems and tools at all levels of implementation</i>
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The implementation system will be streamlined including the reduction of the administrative burden on the European Structural and Investment Funds beneficiaries, according to the results of a study that is currently being tendered. The application of the options for simplified costs and setting

up of global grants are also envisaged to be utilised whenever appropriate. Preparations are ongoing for moving towards a paperless system for exchange of information between authorities and also between authorities and beneficiaries. Simplification is also expected following the implementation of the World Bank recommendations included in the study regarding „Improving the National Framework for Preparing and Implementing Public Investment Projects”.

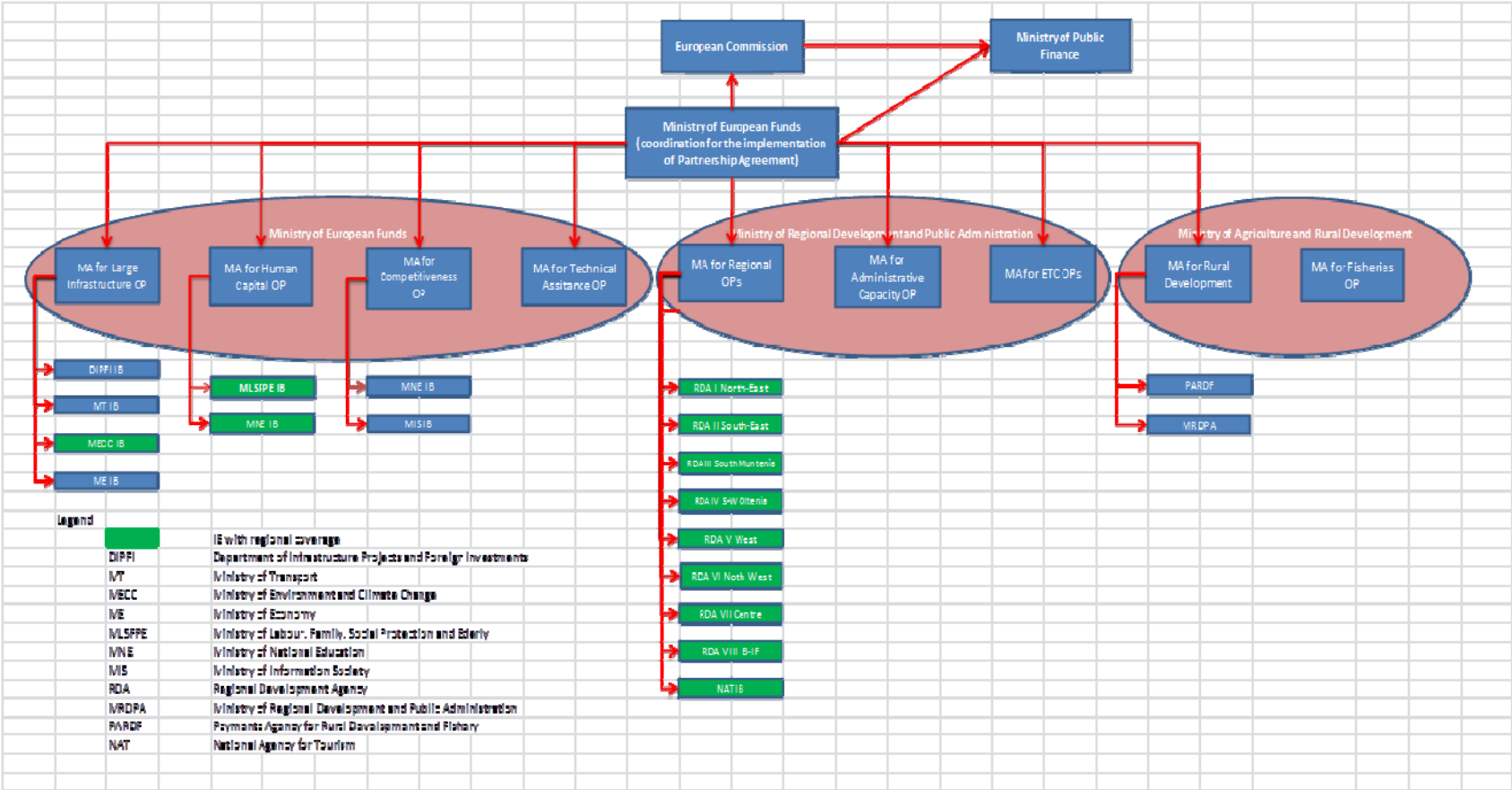
<i>The lessons learned from 2007-2013 indicate a need to improve capacity of the beneficiaries to manage projects, the project management and technical skills, access to support services and financial resources.</i>	<i>National response: More effective technical assistance and financial support for beneficiaries in parallel with a reduction in administrative burden</i>
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Among the envisaged measures of the Action Plan for improving the administrative capacity for the use of the European Funds are a number of initiatives dedicated to address the weaknesses outlined by the assessment of the beneficiaries’ capacity. Among them, are the following:

- Elaboration of a comprehensive guide of good practices and avoidance of the main risks in public procurement
- Standardisation of procurement documents
- Centralised help desk and assistance for project implementation
- Implementation of an annual training programme for EU Funds beneficiaries
- Effective use of the instruments encouraged by the regulation for larger outreach of funds and closer to final beneficiaries needs - global grants, joint action plan, results-base approach

In terms of financial resources, it should be noted that a new financial support mechanism has been recently introduced allowing for the reimbursement to be made directly to the provider of the invoiced expenditures. An evaluation of the pre-financing mechanism has also taken place proposing an optimised scheme for the use of pre-financing per type of beneficiary and type of projects that will be considered for the next programming period. A financial mechanism is under development in order to ensure in time availability of financial resources for projects implementation.

Figure X: 2014-2020 Institutional structure



2.6 Actions planned in the programmes to achieve a reduction in the administrative burden for beneficiaries

Administrative burden

The actions envisaged by Romania for reducing administrative burden for beneficiaries rely on their general definition, as the additional administrative work and costs necessary for the beneficiaries to receive and use ESI funds.

EC have analyzed in the study “Measuring the impact of changing regulatory requirements to administrative cost and administrative burden of managing EU Structural Funds (ERDF and Cohesion Funds)” the administrative burden for the various types of funded actions for the EU27 in 2007-2013 as well as the impact of the legislative changes of the regulatory framework for the next period of programming 2014-2020. According to the mentioned study, the total aggregate administrative burden for the present period of programming corresponds to approximately 2% of the total ERDF and CF contribution. This analysis was based on interviews and in depth case studies carried out for 22 operational programs in 10 Member States, including Romania. This selection covered all three different types of implementation systems (centralized, regionalized, mixed) and provides a good balance between old and new Member States. Two operational programs were selected for each Member State balancing different factors which have been identified as crucial i.e. financial volume, thematic orientation and geographical coverage. From Romania 2 large sectoral programs, Environment and Transport Ops, were considered.

Taking into account that the abovementioned study covered only two Romanian OPs, Ministry of European Funds has under contracting an evaluation study for analyzing the administrative burden on beneficiaries of Structural and Investment Funds.

The study has as first assignment identifying information obligations of the beneficiaries of structural and cohesion funds and of the EU Common Agricultural Policy due to the application of European legislation at national level and the administrative activities to be undertaken to meet these obligations.

Based on this analysis, administrative costs will be calculated. Taking into account that the main purpose of this evaluation study is to identify measures to reduce the administrative burden, the cost calculation will be based on a simplified methodology (using mainly the time parameter), and will be focused on administrative costs for private beneficiaries of structural funds.

Evaluators will make a selection of the most burdensome information obligations based both on size of administrative tasks to be undertaken and on perceptions of interviewed beneficiaries. The analysis will be performed on each operational program taking into account the financial size of projects and the types of contracts and expenses (works, supplies, services, etc.).

The evaluation will also analyze the impact of changing requirements from the draft General Regulations on administrative costs and administrative burdens related to the implementation of European Structural and Investment Funds. This should include not only the cost reduction estimation but a qualitative analysis of these changes.

The report will provide recommendations and simplification tools for reducing administrative burdens accompanied by an estimation of the administrative costs reduction.

In three months after the start of the contract a first evaluation report will be provided that will contain the administrative burden identified and general simplification proposals to be included in the Partnership Agreement.

The final evaluation report will include more specific proposals to reduce administrative burdens detailed at a level of each operational program.

Considering the simplified cost options presented in the Regulation, the Ministry of European Funds has under contracting a study for identification of the areas and operations where unit costs could be used and the design of related calculation methodology. Related to the flat rates for indirect costs,

payments based on indirect costs could be too complex for some beneficiaries (e.g. local authorities, universities) and irrelevant for others (e.g. large infrastructure projects). However, in the case of smaller projects, flat rates are expected to reduce administrative costs related to project preparation and managing the support documents for payment claims. Use of lump sums will be also considered whenever appropriate.

Romania intends, along with the use of simplified cost options, to consider:

- *measures for simplification, predictability and greater stability in the legal and regulatory environment*, because a significant contributory factor to administrative burden has been the number of amendments to documents and procedures that have resulted from changes to laws and regulations.
- *improving communications with beneficiaries* that will be facilitated both through extension of the existing user network and further investment in better help-desk support.
- *improving quality of written guidance*: guidance documents and manuals will be updated whenever necessary and will be accessible online.
- *continuing simplification of procedures* of the MAs and IBs in relation to the appraisal and, selection of projects, as well as of the requirements and checks during project implementation.
- *streamlining of monitoring and evaluation requirements*. Forms and processes for the 2014-20 period will be proofed for *utility* (why is this information needed; what will it be used for; will it actually be used) and for *proportionality* (is this information a reasonable request; is it actually necessary to meet the requirements).
- *shifting to paperless systems* using electronic exchange of data between authorities and beneficiaries.
- *further harmonizing requirements of various structures, eliminating overlapping and unnecessary checks*.
- *a progressive mainstreaming of risk-based management*, with the concentration of checks and audit in areas where risk is assessed to be greatest, in terms of
 - the technical aspects of projects.
 - the financial scale of projects.
 - the capacity / track record of the beneficiary.
 - potential for default and fraud.
- further to that, Romania pay attention to the results of the study „*Improving the National Framework for Preparing and Implementing Public Investment Projects*” implemented by the World Bank, such as: adding sector specific requirements and guidance to the feasibility studies, limitation of CBA to those projects where the size and complexity justify it and using alternative evaluation methodologies (cost effectiveness or multi-criteria methods) .
- revise sectoral legislation to provide clear and detailed procedures for the archaeological related permitting process, including clearly-defined compulsory stages, institutional responsibilities and approval timelines.
- develop a comprehensive Code for renewable energy projects to map primary and secondary legislation, permits and procedures applicable to RES projects, in order to make all changes in legislation more transparent for potential beneficiaries in a timely manner.

3. INTEGRATED APPROACH TO TERRITORIAL DEVELOPMENT SUPPORTED BY THE ESIF OR A SUMMARY OF THE INTEGRATED APPROACHES TO TERRITORIAL DEVELOPMENT BASED ON THE CONTENT OF THE PROGRAMMES (ARTICLE 14(2) (A) CPR)

The diversity of Romanian territory, highlighted by the analysis of disparities and supported by several national and European studies, makes it necessary to adapt measures to territorial specific features. Thus, **there are certain categories of territories for which specific policies need to be elaborated**: for example, in sparsely populated territories, that are also facing a high degree of isolation (Danube Delta, some higher mountainous areas), the main objective of policies has to be maintaining population within the area. Also, territories such as the **coastal area, mountainous areas, cross-border areas, rural peripheral areas**, are confronted with specific problems that **need to be treated in an integrated manner**.

Romania's development strategies (Spatial Development Strategy and National Strategy for Regional Development), aim to: ensure a balanced and sustainable development of the national territory, to increase competitiveness in the growth areas, while ensuring social and environmental protection, emphasizing the role of regions in promoting national growth taking into account their potential.

Given the potential identified and having in regard the territorial disparities as resulted from the analysis, the following **territorial development priorities** are set out for 2014 – 2020 period:

- **Improving the quality of life for local and regional communities in order for Romanian regions to become more attractive places to live in, leisure, invest and work.**

This territorial priority is based on the recognition that each region has its own economic and development potential and specific characteristics the main objective being to fully maximize this potential in order to contribute to national economic. It is thus important to improve the economic and social performance of each region, by counteracting factors and elements that hinder economic performance and promote development opportunities in each region.

- **Consolidating the urban network by polycentric development and territorial specialization**

In most countries, including Romania, **cities are the growth engines** that push the national economy on an upward path – it is cities where most innovation happens, where the largest productivity increases are registered, and where most of the new jobs are created.

Romania's current growth poles policy defined **7 growth poles**, one for each development region beyond Bucharest-Ilfov. Growth in the regions is also driven by other cities and is important to pay attention to how other large urban centers and urban agglomerations can help drive growth and development in their region. In this regard the growth poles policy seeks to encourage a balanced long-term development, aiming to spread the growing effects from centre cities to surrounding areas together with drawing up the integrated development plans – both measures being critical for encouraging the formation of urban areas with larger mass (bigger labour force; better supply chains; more diverse firms, etc.) and the ability to implement integrated development projects for enhanced impact.

The integrated approach will regard not only the geographic coverage, but also the functional coverage and sectoral synergies, with a better prioritization of investments tailored to the specific profile of each growth pole and in line with identified expressed in the integrated developments plans.

- **Promoting rural-urban partnerships**

The Romanian territory is essentially rural (almost 90 % of the area belongs to rural administrative units), therefore the future interventions should ensure the acceleration of restructuring and modernizing processes in rural space, for an economic integrated and sustainable development of the rural areas, taking into account the typology of these areas. In the same time, **priority will be given to ensure complementarity between different sectoral interventions and rural development interventions**.

This is why it is necessary to have an integrated approach for the entire territory and to stimulate partnerships between rural and urban areas, especially in large urban agglomeration in order to define functional areas and to solve common problems by inter-community cooperation.

- **Increasing accessibility and connectivity**

Increasing the accessibility to the large urban agglomeration and improving accessibility between major urban agglomerations and smaller towns in the proximity or in the area of influence are priority objectives, in order to ensure increasing mobility of people (for better access to jobs and services) but also of food products and of other goods.

There are numerous implications of the transport network on territorial development. At sub regional level, an inadequate transport network hinders the development of small and medium towns and of rural settlements, major investments are needed to overcome natural barriers (Carpathians, Danube) but also to get out of the relative isolation all areas affected, with an special attention to investments in railway in order to support the intermodal transport, in correlation with the investments made to consolidate the major cities.

Equitable access to services of general interest

In Romania the general accessibility of rural areas is a major problem that has been constant in time.

The connection of rural areas to the major transport network and to the public utilities of higher (urban) level is generally low and is a major problem for development opportunities.

Promoting social inclusion of marginalised communities is particular important for combating poverty and social cohesion in urban areas. This is why it is necessary to ensure a territorial balance concerning the access to services of general interest, given the clear discrepancies between more developed territories and less developed ones, as well as between densely populated and sparsely populated areas. Ensuring equitable access to services of general interest is also the most important component of the combat against poverty and also contributes to prevent the expansion of this phenomenon.

3.1. The arrangements to ensure an integrated approach for the territorial development of specific sub-regional areas

3.1.1 Community-led local development / Leader local development

The Community Led-Local Development is an important tool for Romania to reduce the territorial unbalances through the involvement of local communities. LEADER 2014-2020 will address mainly local development needs in terms of business, agriculture, education, health, social services, culture and the environment. Enabling the implementation of integrated projects with an innovative multi-sectoral and cross cutting approach in the future rural development program.

Given the small size of the projects and the specific bottom-up approach of LEADER and based on the experiences / lessons learned from the implementation of the NRDP 2007-2013, it will be relevant to finance operations in order to capitalize on local resources and promote local specificity either through classical measures or specific measures in order to maintain the innovative character of LEADER.

In this regard, we believe that particular projects aimed at developing the rural infrastructure, with higher investment values, that are eligible under the NRDP classic measures and are addressing certain issues of general interest and require correlation at the territorial level should not be limited, territorially and financially, to the volume of investment available for implementing a local development strategy.

Given the experience gained to date in developing and implementing local development strategies in fisheries areas in Romania, it is important to continue to support actions to fishing communities to reduce disparities between urban areas and fisheries.

Local fishing groups have an important role in the development of fishing communities. So far have been selected 14 local fishing groups covering a total area of 22,659.73 square kilometers and a population of 884.435 inhabitants. However, it is necessary to support existing FLAGS and to focus on the creation of new partnerships, the main objective of CLLD in fisheries areas will be to increase the employment and territorial cohesion for fishery and aquaculture.

The main challenges that the Romania intends to tackle with the help of the CLLD approach

Considering the importance of CLLD, this will help to tackle the development challenges in the following main directions:

- For **rural and fisheries areas** continuing the LEADER and FLAG experience from 2007-2013 period:
 - Participation of the rural communities members in the local development process and encouraging the innovative actions (for example, new solutions for old problems, introducing and developing new products, new market systems, modernizing the traditional activities by applying new technologies, etc.)
 - Encouraging the stakeholders at local level to work together with representatives of other communities inside the country or from abroad
 - Fostering partnerships, preparing and assuring implementation of the local development strategies.
 - Enhancing the local heritage, in order to preserve the authenticity of the Romanian village
 - Actions dedicated to the conservation and preservation of the environment
 - Protecting biodiversity through better education for nature protection,
 - Measures to increase the income of family farms, valorisation of the local tourist resources
 - Actions to promote local products through short supply chains,
 - Investments in basic services (education, health, social services) and related small-scale infrastructure for the rural population
 - Investments in ICT (infrastructure and services)
 - Actions to diversify to non farm activities (productive activities, services)
 - Actions to stimulate entrepreneurship in rural areas (creation of craft training centers, setting up workshops, organizing themed villages, creating eco-museums).
 - Supporting sustainable development of fisheries areas and improving the quality of life in these areas.
- In **urban areas** it will aim to increase social inclusion and to reduce the poverty among marginalized communities within Romanian cities.

The indicative contribution of CLLD to Thematic Objectives (to be further developed based on OPs programming process)

CLLD	Deficiencies/opportunities	TO	Allocated Funds and OPs	Coverage
Rural areas	Increase the integrated actions - sites, skills, investment support – in order to attract investment into Romania's in rural areas. Low access to employment and employment opportunities Lack of education resources and infrastructure	TO9 ¹³²	EARDF (To be established)	Small towns with a population of up to 20,000 inhabitants and the neighbouring rural area and rural areas without

¹³² In the context of ESIF 2014-2020, LEADER contributes to the thematic objective 9 (Promoting social inclusion and combating poverty), translated into the Union priority 6 for rural development (promotion of social inclusion, poverty reduction and economic development in rural areas) and the focus area 6 (b) fostering local development in rural areas.

CLLD	Deficiencies/opportunities	TO	Allocated Funds and OPs	Coverage
				urban centres
Deprived areas within urban centres	Risk of poverty or exclusion, particularly from vulnerable groups Decreased number of people living in poverty, particularly in regions and territory facing high rate of poverty Increased number of participants gaining qualification in social services upon leaving the ESF funded operations Need for infrastructure in the social housing area as well as in the social and medical integrated services area	TO9	ESF, ERDF OP (To be established)	Towns/cities from Romania with deprived areas/neighbourhoods
The coastal areas, along Danube River, Danube Delta, areas of rivers and large lakes where there are fishery activities and areas in which exist aquaculture farms	Low innovation and low knowledge base in fisheries and aquaculture fields Strengthening the links between agriculture, fisheries and aquaculture and forestry and research and innovation Increasing the potential of aquaculture sites Promotion of new sources of income, inside the sector (processing, marketing activities) and outside the sector (environment, tourism, education activities). Poor working conditions related to health and safety on board inland and marine fishing vessels; Protection and encouragement of biodiversity Encouragement of the establishment, organization and functioning of producers-processing-marketing chain Risk of poverty or exclusion for people living in disadvantaged regions and territory	TO3 TO9	EFMM, ESF OP (To be established)	(to be established)

The types of territories where CLLD is envisaged to be implemented

As regards the CLLD instrument, it will be utilized especially in towns (small towns with a population of up to 20,000 inhabitants) and the neighboring rural area, rural areas without urban centres, the coastal areas, along Danube River, Danube Delta, areas of rivers and large lakes where there are fishery activities and areas in which exist aquaculture farms, deprived areas within urban centres.

In order to use the experience of implementing LEADER 2007-2013, in the next programming period we consider that the interventions in the non-agricultural field, education, culture, health, social, ICT (services and related small-scale infrastructure) to be eligible for the LAG territory to provide an approach that leads to territorial and functional homogeneity.

Identification of the ESI Funds that shall be used for CLLD, the planned budget allocation for each Fund and the role of each ESI Fund in different types of territories

EMFF

In case of EMFF, the mono-fund approach shall be applied considering the too short period of implementing local development strategies within the current programming period. 20% of EMFF will be allocated for this purpose.

ERDF

The LEADER 2014-2020 approach is monofund only, based also on the consultation process. Leader funding through the National Rural Development Programme (RDP) will be provided by the European

Agricultural Fund for Rural Development (EAFRD) and is determined on the basis of the Regulation on support for rural development to a minimum mandatory allocation of 5%. The minimum amount dedicated to these types of local actions is about 330 million euros if the rate of 5% is applied.

ERDF and ESF (to be further developed based on OPs programming process)

Coordination of and administrative set-up for CLLD, and the specific role the local action groups (LAGs) (to be further developed based on OPs programming process)

CLLD in urban areas

Where appropriate, it could be decided a multi-fund financing for integrated development strategies and the establishment of a Common selection Committee (ERDF + ESF) for such type of strategies, committee established at national level, together with the creation of a Common Intermediate Body at regional level for implementing CLLD.

CLLD in rural and fisheries areas

It will be finance during 2014-2020 period a new competition process for the **LAGs** using the experience already achieved through LEADER in respect of local development.

Fisheries Local Actions Groups (**FLAG**) will be supported to draft local strategies for the next programming period in coastal areas, Danube River, Danube Delta and inland fisheries and aquaculture areas. Taking into consideration the experience reached in present programming period, the existing FLAGs have better knowledge of local environment, communities expectation, local, natural, financial and human resources and the interest of stakeholders which could support the elaboration process and, after that, implementation of a local strategy. Thus, the existing FLAGs have good basis to elaborate better new local strategies for their territories.

Also, a call for expression of interest will be launched for new partnerships to help them in the process of drafting local strategies in fisheries areas. Thus, the existing and the new partnerships could prepare applications for local strategies selection process.

The possibility to designate a lead Fund in the context of integrated multi-fund local development strategies

CLLD in urban areas

CLLD in urban areas aims to increase social inclusion and to reduce the poverty among marginalized communities within the Romanian cities. In principle, the view is to have multi-fund financing for these strategies for urban development (ERDF and ESF). Taking into consideration the low implementing capacity of such instruments in Romania together with the complexity of implementing multi-fund strategies, it is also envisaged the option of having mono-fund financing of these strategies considering as an option the cross-financing in order to ensure the complementarities.

CLLD in rural areas

In case of EAFRD and EMFF the approach that will be supported is to apply mono fund financing taking into consideration the institutional capacity and relatively early stages of implementation of local development strategies

Arrangements for preparatory support (including possible arrangements between Funds to offer a coherent scheme and types of activities foreseen)

CLLD in rural and fisheries areas

Applications to operate CLLD / LEADER will be received by the relevant Managing Authority from appropriately constituted Local Action Groups. Ultimate financial and administrative responsibility will rest with a Lead Partner Accountable Body or the Local Action Group where it is legally constituted (e.g. Limited Company or European Economic Interest Group).

Applications for funding of a CLLD or LEADER will be prepared by Local Action Groups meeting the criteria specified in Articles 28 and 30 of the CSF in response to a call for proposals issued by the responsible Managing Authority. Applications will incorporate a draft Local Development Plan meeting the specification under Article 29 and will set out:

- the rationale for intervention linked to local development needs and opportunities, including the potential for urban-rural interaction,
- the basis for the proposed integration of Priority Axes and Funds,
- details of the administrative capacity of the designated body.

For EMFF a call for expression of interest will be launched for new partnerships to help them in the process of drafting local strategies in fisheries areas. Thus, the existing and the new partnerships could prepare applications for local strategies selection process.

3.1.2 Integrated Territorial Investment

Among the long-term strategic objectives of Romania is **the support of polycentric development and the stimulation of functional urban areas**, as foreseen in the draft Territorial Development Strategy of Romania¹³³. Functional urban areas would provide a more **efficient territorial organization** and would allow for **better access to services of general interest**, thus enabling progress from the point of view of both the cohesion and competitiveness objectives.

Integrated territorial investments is an excellent tool to stimulate the creation of functional urban areas and to make this strategic objective operational. The use of this instrument will enhance the mechanisms of effective territorial governance and the cooperation between different settlements, and it will help increase the responsibility of local beneficiaries.

The Integrated Territorial Investments (ITIs) will use the place-based approach, they should stimulate the integrated development and the cross-sectoral cooperation at sub-regional level, thus leading to synergies between European structural funds and other financing sources (e.g. national or local budget) and avoiding the funding of divergent or disparate projects.

The Romanian Government intends to use the ITI instrument in the following types of territories, thus orienting the development to the territorial strategic vision and objectives as formulated in their relevant integrated strategies:

- **Functional urban areas**, building on the experience accumulated with the Integrated Urban Development Plans in the 2007-2013 programming period, in particular with the growth poles policy. The identification of functional urban areas for ITI implementation will be subject to a national selection process..
- **Danube Delta Biosphere Reserve** (a unique territory with very specific features: sparse and isolated population, economical specialisation and vulnerability, poor access to services, etc); the elaboration of the integrated strategy for this area has started and will be done with World Bank expertise together with the local relevant authorities;

The use of ITIs in functional urban areas will be focused on three main objectives:

- **the development of the major development areas** (national development and regional engines), thus supporting the national competitiveness (e.g. focusing on innovation, R&D, access to European networks, etc.);
- **the balanced territorial development**, based on a polycentric network areas for better access to services of general interest, correlated with cohesion policy objectives;
- **the development of territorial partnership between urban-urban and urban-rural areas**, in order to ensure a better efficiency and coherence in projects implementation.

At national level, a process of selection of the functional urban areas and their strategies for use of ITI is envisaged with the following indicative selection criteria taken into account:

- the area covered by ITIs will include functional urban areas consisting of a polarizing urban settlement and their surrounding areas, or an urban system;
- the area covered by ITIs represents an important concentration of population and economic activity at regional and national level;

¹³³ strategy to be finalised in 2013 and to be approved by the Parliament

- the existence of administrative structures set up at the level of the potential functional urban area and/or there is previous experience with funded projects at the level of the area;
- the existence of an integrated development strategy at the level of functional urban area;
- the existence of an action plan deriving from the integrated development strategy, with a priority list of projects, which should be complementary and phased, including the envisaged budgets for the implementation of projects.

In principle, the multi-fund approach (using ERDF and ESF) will be used for implementing ITI in functional urban areas. The indicative operations and projects and their corresponding thematic objectives are listed below. However, a clearer image of the types of projects, the budget allocation and the ESIF funds contributing to ITI for functional urban areas will come up after the selection process is finalised, as the development strategies and related action plans will then be available.

Indicative table for the contribution of ITI to Thematic Objectives

ITI	Deficiencies/opportunities	TO	Allocated Funds and OPs	Coverage
Functional urban areas	Increase innovation and competitiveness of high and medium growth sectors Increase R&I capacity and develop closer research-industry links ICT innovation Multi-modal UMPs development and implementation Energy efficiency measures in residential and public buildings Development and implementation of intelligent urban transport systems Measuring and monitoring air quality Increasing the quality in tertiary education Modernization of cultural assets of regional and national importance Strengthening the service sector /support for SMEs sector Urban regeneration and cleaning up contaminated industrial sites and quality of urban space (pedestrian areas, leisure areas, parks) Enhancing connectivity with periurban area, including connections between public urban with sub-urban and regional transport system EE Public space lighting Supporting social economy and social enterprises Integration of vulnerable persons, group and communities, including Roma Encouraging and increasing lifelong learning participation, improving labour force skills and competences, and improving the relevance and quality of education and vocational training systems for the labour market Improving the quality, efficiency and	TO1 TO2 TO3 TO4 TO6 TO7 TO8 TO9 TO10	ERDF and ESF OP (To be established)	(To be established)

	openness of the tertiary education, in order to increase the share of tertiary education graduates			
Danube Delta	<p>Exceptional biodiversity and opportunity for tourism development</p> <p>Low competitiveness due to isolation</p> <p>Low access to employment and employment opportunities</p> <p>Limited access to health and social infrastructure</p> <p>Lack of education resources and infrastructure</p> <p>Implementation of telemedicine system</p> <p>Limited access to transportation networks</p> <p>Upgrading and development of ports and waterway infrastructure</p> <p>Reduction of flood risks</p> <p>Combatting the effects of drought (blocked canals, reduced water depth etc.)</p> <p>Combatting erosion risks</p> <p>Lack of infrastructure for sewage and water supply</p>	<p>TO3</p> <p>TO8</p> <p>TO9</p> <p>TO10</p> <p>TO2</p> <p>TO7</p> <p>TO6</p>	ERDF and ESF OP (To be established)	(To be established)

Implementation arrangements (to be further established based on OPs programming process)

For a better management of instruments for territorial development, a coordination unit for integrated strategies/territorial development instruments **could be** created at the level of Ministry of Regional Development and Public Administration in order to ensure:

- proper correlation between strategies at different levels (vertical coordination);
- coherence with other sectoral strategies and proposed measures (horizontal coordination);
- establishing a performance framework including concrete targets related to competitiveness and cohesion objectives, to be achieved within the territory where ITIs will be implemented;
- monitoring of the implementation of strategies including elements of territorial impact assessment;
- selection process of urban agglomerations which will implement ITI.

Each application to undertake ITI operations will be accompanied by an **Integrated Development Strategy**, which will set out:

- the intervention arguments linked to spatial development needs and opportunities consistent with functional specialization and placed based approach;
- the basis for the proposed integration of Priority Axes, Programmes and Funds;
- the scale and balance of funding sought;
- details of the administrative capacity of the designated body;
- the correlation with relevant strategic documents at other territorial level.

Coordination arrangements between ESI Funds (to be further established on OPs programming process)

As a multi-fund approach (using ERDF and ESF) is envisaged to be used for implementing ITIs, both for functional urban areas and Danube Delta, coordination arrangements between ESI Funds is needed.

The strategies should be integrated to combine economic social and environmental investments financed through ERDF and ESF.

A coordination unit for integrated strategies/territorial development instruments could be created at level of the Ministry of Regional Development and Public Administration having the main attribution the selection of areas and strategies implementing through ITI, as well as the monitoring of implementation of ITIs, as described above.

Arrangements for the delegation of management and implementation tasks (to be further established based on OPs programming process)

As set out in the Regulation, the managing authorities may designate intermediate bodies to carry out the management and implementation of ITI, in accordance with the Fund-specific rules. If the Romania chooses to set up ITIs to implement sustainable integrated urban development actions falling under Art 7 of the ERDF Regulation as in accordance with these provision urban authorities shall be responsible for tasks relating at least the selection of operations.

IBs designated for ITIs are not subject to the formal accreditation procedure set out in Art 113 and Romania will determine the appropriate procedure for designation, taking into account that the managing authority maintains the ultimate responsibility for the implementation of the delegated tasks., If managing authorities for ERDF and ESF programmes choose to delegate some tasks, they will make sure that the relevant managing authorities will delegate the same tasks, and where appropriate, organize a common selection calls for proposals. However, the delegation of task will be done differentiated by taking into consideration administrative capacity of the managing structures implementing it is, based on an audit report.

The capacity of authorities concerned to implement ITIs will be subject to the selection of areas and strategies implemented through ITI. It is envisaged that the management cost related to the implementation of ITI to be covered from technical assistance.

3.1.3 Sustainable urban development

The principles based on which the urban areas are to be identified in order to promote and implement integrated sustainable development actions are as following:

- Actions for urban development considering the specific needs of urban localities based on size and economic potential of them;
- Making use of the provisions of urban planning documentations in order to delimit intervention areas and to set out the types of interventions;
- Defining specific interventions for the identified types of areas, based on functional areas (central areas, residential areas, industrial areas, etc.);
- Interventions on areas to provide an integrated approach and to create visible results, with multiplier effects;
- Establishing selection criteria for urban regeneration projects, the projects will be selected according to the intervention's objective;

From the perspective of urban development, priority measures are:

• Supporting the development of cities economy

The increase of economic and demographic mass of cities has to be a key priority to support the competitiveness of Romanian cities. The development of regional business infrastructure should aim to "shorten" distances between cities, to stimulate the creation of jobs and to manage properly the decreasing population density.

• Improving environmental quality in urban areas

Improving the quality of environment in urban areas is to be achieved through the following measures: increase of energy efficiency in cities, encouraging the use of renewable energy in order to ensure the quality of the environment and the reduction of CO₂ emissions, increasing of green areas in public spaces and promoting of non-motorized mobility in order to reduce air pollution.

- **Supporting the development of basic infrastructure and urban mobility for Romanian cities**

The city economic functioning based on the mobility of persons and goods together with the state and quality of physical urban infrastructure are an essential condition for an optimal functioning of cities: accessibility to labour market, attractiveness for business environment, tourism, culture, etc. are all influenced by the existence and quality of public infrastructure. A higher mobility of population ensures better access to opportunities (jobs, services) and is extremely important for economic growth.

Despite investments in recent years, the basic infrastructure of cities is still in an inappropriate shape, a series of actions and measures being needed for: development, modernization and promotion of the sustainable public urban transport, promotion of social inclusion including disabled persons in Romanian cities, increasing the quality of public space and ensuring an attractive urban landscape, elaboration and implementation of urban development integrated strategies, focused and adapted to local specific conditions as a tool for inclusion of marginalized communities.

3.1.4 Territorial cooperation

Macroregional strategies: EU Strategy for Danube Region

Due to its geographical position, Romania has a specific predestination for interfacing, mediating, connecting worlds, cultures, businesses. This is one of the main reasons why Romania together with Austria initiated the EU Strategy for Danube Region (EUSDR). Romania's understanding of the macroregional strategies is that above the traditional European territorial cooperation instruments, macroregional strategies create a new platform of cooperation which is deeper, more consistent, more substantial which is supported not only from dedicated funds. Development resources of the cooperating countries are considered together in a complementary, integrated way for a more inclusive, more intelligent and more sustainable development of the Danube region and each country itself. Implementation of the Romanian development strategy can be leveraged by the implementation of EUSDR objectives, and vice versa.

In this respect the thematic objectives and investment priorities will be in close correlation with the objectives and targets set in the EUSDR Action Plan, foreseeing an alignment of policies and funding, based on the integrated EUSDR approach. The interventions will take into consideration the following areas: **transport infrastructure** (bridges or other possibilities of crossing river; rehabilitation of port infrastructure and development of intermodal and logistic nodes), **investments in education, training, lifelong learning, promoting investments for prevention and risk management, development of electronic services, settlements network** (connection between Danube River and Bucharest; facilitation of cross-border cooperation between pair cities along Danube), **environment** (preservation and protection of the rural protected areas along the Danube River, especially in the Danube Delta), **social issues** (improving social infrastructure – education and healthcare- in the Danube adjacent counties), **economy** (valorization of agricultural, energy and tourism potential of the Danube area).

It is also important to mention the future Danube transnational cooperation program, that will be funded from ERDF, IPA and ENI. The content of this program will be completed in the course of 2014, his role is **to finance the preparation of small and medium sized projects with a macro regional impact** within Danube Strategy.

European territorial cooperation

European territorial cooperation (ETC) is extremely important both from a political and economic point of view, focusing on common priorities within specific territories, therefore bringing added value to reaching a balanced regional development at EU level. The agreement on the areas to be financed under these programmes follows the decision-making procedure specific to the ETC

objective. aiming for a better coordination between the ESIF, especially with case of the Regional programmes and with other European financing instruments, in order to create and exploit synergies, at all levels of cooperation.

For 2014-2020, Romania is involved in the following territorial cooperation programmes:

- 7 programmes belonging to the cohesion policy: 2 cross-border cooperation programmes, RO - BG and RO - HU, 1 transnational cooperation programme (Danube), and 4 interregional cooperation programmes (INTERREG 2020, URBACT III, INTERACT III, ESPON 2020);
- 1 IPA cross-border cooperation programme between Romania and the Republic of Serbia;
- 4 cross-border cooperation programmes belonging to the neighbourhood policy, namely Romania and the Republic of Moldova, Romania and Ukraine, at the border between Hungary-Slovakia-Romania-Ukraine, and the Black Sea Basin programme.

While designing the above-mentioned ETC programmes, special attention will be given to both satisfying the specific development needs and exploiting the opportunities and potential identified within each cooperation area.

Joint actions under these programmes will target: improvement of research and innovation and of ICT infrastructure and take-up, the development of tourism and promotion of cultural heritage in the border areas, strengthening cooperation between the relevant communities, the development of cross-border infrastructure (removing the bottlenecks related to cross-border transport flows), supporting the developing of infrastructure (transport infrastructure, waste and water treatment, disaster management and fighting against natural threats such as floods, landslides, land erosion).

In addition, specific actions will be designed in order to enhance cooperation in the energy sector, in order to **increase energy efficiency and reduce pollution**, as well as promote the **production, use and distribution of renewable energy sources**.

The thematic priority areas for Romania within the European Territorial Cooperation Programmes

The following thematic priorities have so far been preliminary identified at national level, taking into account the level of thematic concentration required by the Regulations and to the specificity of ETC projects under the different strands (soft and infrastructure projects allowed under cross-border strand; soft, prefeasibility and preparatory studies as well as pilot infrastructure projects allowed under transnational strand; soft projects aimed at know-how transfer allowed under interregional strand):

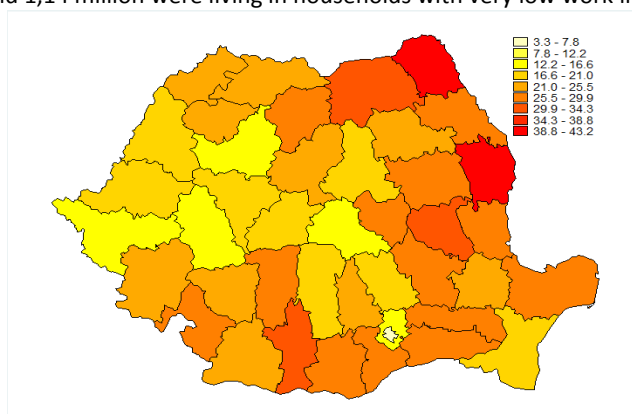
1. Cross-border cooperation programme between Romania and Hungary 2014-2020 (as a result of the National Working Subgroup): TO 4 (supporting the shift towards a low-carbon economy), TO 6 (protecting the environment and promoting resource efficiency), TO 7 (Promoting sustainable transport and removing bottlenecks in key network infrastructures), TO 9 (promoting social inclusion and combating poverty);
2. Danube Transnational Programme (as a result of the National Working Subgroup): TO1 (strengthening research, technological development and innovation), TO5 (promoting climate change adaptation, risk prevention and management), TO7 (promoting sustainable transport and removing bottlenecks in key network infrastructures), TO 10 (investing in education, skills and lifelong learning), TO 11 (enhancing institutional capacity and an efficient public administration);
3. INTERREG 2020 (already agreed within the Programme Planning Committee): TO 1 (strengthening research, technological development and innovation), TO 3 (enhancing the competitiveness of SMEs), TO 4 (supporting the shift towards a low carbon economy), TO 6 (protecting the environment and promoting resource efficiency).

The identification and prioritisation at national level of the areas to be financed under each ETC programme follow the specific planning dynamic of such programmes and are based on the results of the territorial analysis.

For the ETC Programmes to be able to significantly contribute to the objectives of the macro-regional strategies and to correlate with the National Partnership Agreements and similar planning documents of the participating countries, significant efforts are needed from all the national planners to correlate among themselves, making use of joint initiatives facilitated and backed-up by the European Commission and by the INTERACT Programme.

3.1.5 The integrated approach to address the specific needs of geographical areas most affected by poverty or of target groups at highest risk of discrimination or social exclusion, with special regard to marginalized communities, persons with disabilities, long term unemployed and young people not in employment or training

In Romania, the extent of poverty and social exclusion is far greater than in most EU Member States, with 40.3% of the population that were exposed to such risks in 2011, compared to an EU average of approximately 24%. In 2011, 4,74 million from the total Romanian population were at risk of poverty (with an income lesser than 60% of the average disposable income), 6,28 million were under severe material deprivation and 1,14 million were living in households with very low work intensity.



Risk of Poverty Rates by County (NUTS 3) –

Source: World Bank staff calculations using 2011 Population and Housing Census and EU-SILC 2011

Romania has the EU largest share of population living in rural areas (45% of the total population) and, according to the NIS data for 2010, the risk of extreme poverty is 4 times higher in the rural areas (8.8%) compared to the urban areas (2.2%).

In terms of regional disparities, the regional analysis reveals that regions with the highest rates of persons being at risk of poverty and social exclusion are: North-East, South West Oltenia, South-East and South Muntenia. At the opposite side, we find the West and the Bucharest-Ilfov regions. Moreover, the West region is also characterized by a relatively stable rate, while South West region had an obvious negative trend concerning the evolution of the rate, from 55.4% (2007) to 21% (2011).

Persons at risk of poverty or social exclusion (%)

Indicator	2007 - 2011		
	2007	2011	Growth rate 2007 – 2011 (%)
Romania	45.9	40.3	-3.3
Nord-West	38.3	34.3	-2.8
Center	37.6	28.5	-6.9
Nord - East	55.1	51.2	-1.8

South - East	51	50	-0.5
South - Muntenia	50.3	43.1	-3.9
Bucharest - Ilfov	35.1	28.4	-5.3
South – West - Oltenia	55.4	21.0	-5.3
West	34.2	33.1	-0.8

Source: Eurostat

The urban areas affected by poverty include small cities confronting demographic ageing and depopulation, mono-industrial (e.g. mining cities), agricultural cities or newly established cities. Small cities concentrate poverty due to poor physical infrastructure (transport, health, education), in addition, they were heavily affected by industrial restructuring and are very vulnerable to industrial and economic reform which has as a main effect low employment rate and thus instable and poor income.

Isolated localities in mountainous areas or in the regions along the Danube corridor are subject to the same negative trends, due mainly to their difficult geographical positioning and the limitations in terms of activities and employment. The poverty level is very high in these territories and an integrated approach is needed in order to respond to their complex development needs.

The mapping of poverty in rural and urban areas shows a lower risk of poverty in rural localities which are close a large city. In areas where there are no urban centers, or on the periphery of small or underdeveloped cities, the tendency is for poverty to increase.



Distribution of Poverty (LAU 5) – Each dot represents 400 persons living below the poverty line

Source: Calculations from the 2011 Romania Population and Housing Census and 2011 EU-SILC survey

In Bucharest-Ilfov, North East and Center regions the registered rates are under the national average concerning the share of persons who live in households with very low work intensity. The southern Regions of Romania, namely South-West, South Muntenia and South-East, along with North-West region are those in which the share of persons who live in households with very low work intensity, in 2007-2011, is above the national average.

At the national level, in 2007-2011, the weight of people affected by the severe material deprivation varied from 36.5% (in 2007) to 29.4% (in 2011), having a constant negative trend in the above mentioned period of time. At the regional level, the regions with the highest rates of the people affected by the severe material deprivation are North-East region, South-East and South-Muntenia regions and South-West-Oltenia region, at the opposite side being regions Center, West and North West.

Rate of severe material deprivation

Indicator	2007 - 2011		
Area	2007	2011	Growth rate
Romania	36.5	29.4	-5.4
Nord-West	28.8	23.9	-4.7
Center	27.2	17.4	-11.2
Nord - East	42	38.1	-2.4
South - East	42.3	37	-3.3
South - Muntenia	42	33.4	-5.7
Bucharest - Ilfov	32.6	26.1	-5.6
South – West - Oltenia	44.1	30.2	-9.5
West	25.2	19.7	-6.2

In the rural areas, the main problem is represented by traditional poverty, associated with deprivation in terms of housing and the lack of basic utilities (sewerage and running water):

- 76,7 % from the population in absolute poverty was located in rural areas in 2010, the risk at absolute poverty being four times major in rural areas (8,8%), than in urban areas (2,2%);
- The risk of relative poverty is three times major in rural areas by comparison with urban areas (27,% from 9%), also for rural population there is a small percentage of higher education graduates (3% from occupied population, by comparison with 23% in urban areas);
- Demographic aging is more pronounced in rural areas and poorer areas, this tendency will continue and is anticipated that some regions will lose up until 50% from population until 2050.

Considering the analysis of the disparities identified in the chapter 1.1 the following groups are most vulnerable to discrimination and social exclusion: **children (from poor families, with parents working abroad, separated from their families, on probation), Roma people at risk of poverty and social exclusion, persons with disabilities, lone elderly, single parent families at risk of poverty and social exclusion,, persons deprived or formerly deprived of liberty and persons on probationof .**

Concerning marginalised/deprived communities and the groups vulnerable to discrimination and social exclusion there are a number of common problems regarding: **lack of decent housing/decent living conditions** (extrem form of poverty more and more present), **lack of stable and constant source income, long term unemployment, low level of education, early school leaving, lack/low level of professional qualifications, precarious health status, lack of social insertion of the persons belonging to the deprived categories.**

Approach concerning deprived communities

Two main types of approach regarding the deprived communities are envisaged for 2014 – 2020 programming period:

- The use of integrated plans addressing the specific needs for deprived communities in urban areas identified as such (under the form of CLLD);
- Soft mesures targeting people in need and which are not included in the integrated plans addressed to deprived communities.

The approach to be followed in supporting the people at risk of poverty and material deprivation, will be in line with the National Strategy on social inclusion and poverty reduction 2014-2020, and will be based on prevention and actions to address the causes for poverty and social exclusion.

In this regard, the Romanian authorities started the process of drafting the National Strategy on Social Inclusion and Poverty Reduction 2014-2020, which will have an integrated approach in the **field of employment, social assistance, education, health, social infrastructure and housing**. The strategy will be based on SMART objectives and it will constitute the strategic framework in the field of social inclusion and poverty reduction, aiming to reduce poverty through an active inclusion of the marginalized persons on the labor market. For the implementation of the Strategy, an action Plan will be elaborated that will include measures, outcomes, indicators and timeline, according with the real development needs.

Moreover, in order to identify the deprived communities in urban areas, an analysis is being carried out by the Ministry of Regional Development and Public Administration with World Bank assistance. For these areas, the intention is the implementation of **integrated plans** in order to reduce the physical concentration of poverty. These plans will entail, besides **compulsory measures concerning social houses** the **complementary measures in the fields of education, health, social services and employment**, in order to diminish the burning points of poverty and social exclusion.

Thus, the integrated projects which address these communities' needs (including Roma people), will have to include both *investments in infrastructure (education, health, social services), as well as measures for encouraging employment, thorough social economy activities, along with improving the housing conditions (through construction/rehabilitation activities), in parallel with implementation of activities for integrated community development (informing/counselling/mediation).*

The goal of the complementary measures is to create the basis for **increasing the employment**, by ensuring some pre-requisites such as: **an adequate health status**, a **minimum level of professional competences**, **awareness about the people rights**, **better levels of communication** etc.

4. ARRANGEMENTS TO ENSURE EFFICIENT IMPLEMENTATION OF THE PARTNERSHIP AGREEMENT AND PROGRAMMES (ARTICLE 14(2) (B) CPR)

4.1 Assessment of the existing systems for electronic data exchange and summary of the actions planned to gradually permit all exchanges of information between beneficiaries and authorities responsible for management and control of programmes to be carried out by electronic data exchange'

The assessment of the existing systems for electronic data exchange, including an overview of electronic services already available for beneficiaries, has been provided within the ex-ante evaluation of the Partnership Agreement.

The methodology adopted combined documentary analysis with the most appropriate qualitative and quantitative methods, consultations and plausibility checks with all stakeholders and sector experts.

The documentary analysis was based on the new regulations, the procedures and regulations that are in force and the documentation on the electronic systems for data exchange. Information collected from interviews with administrators or coordinators of the electronic systems were added to the results of the documentary analysis.

The evaluators prepared an efficient checklist covering the full range of factors that are relevant to the question related to electronic systems. The list covers: ease of use, reduced administrative burden, data aggregation, data quality, research options, data availability in due time, data security etc. The full data collection needed for the completion of the check list was achieved by additional tools like on-line questionnaires and a focus group.

Concerning the comprehensiveness of the existing electronic systems for the 2007-2013 programming period, the evaluators underlined the following findings:

- SMIS is a web-based system used only by authorities for 6 OPs (OP ACD, OPTA, ROP, SOP E, SOP IEC, SOP T) covers the entire project life cycle and includes additional dedicated modules for programming, evaluation and audit.
- MySMIS is a web-based system that allows data exchange between beneficiaries or potential beneficiaries and authorities. It is designed for 6 OPs (OP ACD, OPTA, ROP, SOP E, SOP IEC, SOP T), is developed and tested, but not used yet. MySMIS is integrated with SMIS and covers the entire project life cycle.
- ActionWeb is a web-based system that allows data exchange between beneficiaries or potential beneficiaries and authorities, used for SOP HRD. It covers the entire project life cycle and is

complemented by “ASEP”, a web-based application used for the evaluation of the proposed projects. Data is transferred electronically from ActionWeb to ASEP. It is also complemented by “SIMPOSDRU”, a system that incorporates a reporting tool allowing generation of various predefined or custom reports for the use of authorities. It extracts the needed data from the database of ActionWeb.

- MIS-ETC is used only by authorities, for all four ETC OPs. It covers the entire project life cycle and includes additional dedicated modules for programming, evaluation and audit. It is complemented by “MIS-ETC Web Application”, an integrated web-based extension comprising three modules:
 - e-Submission – for potential beneficiaries – developed, but not used yet;
 - e-Evaluation – for evaluators of proposed projects;
 - e-Monitoring – for input of data by beneficiaries, about their expenditures within the project – developed, but not used yet.
- SPCDR is used only by authorities, for rural development, covering the entire project life cycle
- SIMPOP is used only by authorities, for fisheries, covering the entire project life cycle.

Conclusions related to comprehensiveness of existing electronic systems

- In terms of fulfilling minimum requirements stemming from the new Regulations of the European Commission for the programming period 2014-2020, the only area of concern remains the specific e-Cohesion requirement – for “full implementation of the electronic data exchange between beneficiaries and authorities”. At present, with the existing electronic systems, this area is practically uncovered. The exceptions are few and extremely limited.
- The MySMIS system that was developed recently and that has just undergone the testing stage, promises to solve most issues of that problem. For the 6 OPs the system was designed for, MySMIS would fulfil entirely the e-Cohesion requirements.
- Since rural development and fisheries are not covered by the minimal requirements of e-Cohesion, only SOP HRD and the 4 OPs for ETC (would) remain uncovered. For SOP HRD, the ActionWeb system is successfully used since 2008, but its scope is still limited at present, not covering all e-Cohesion requirements. MIS-ETC has implemented e-Monitoring, a module of MIS-ETC Web Application, but this module is even more limited, dealing only with the beneficiary’s expenditures, out of the whole area of data.

The Focus Group confirmed, with minority of different opinions, that MySMIS should be the one system developed further and used as the only system responding to the e-cohesion requirements.

As regards the national legal framework that should support the fulfillment of the e-cohesion requirements, all key pieces are in place, being regulated by the Romanian laws relating to electronic signature, archiving of electronic documents, electronic time stamping of documents or protection of personal data.

In terms of quality of the existing electronic systems, the results of this evaluation show that many improvements are needed in various aspects. As a general image, the electronic systems are in place, they fulfill the minimum requirements, but they do not excel. The area where most of the systems could be improved relates to satisfying the users’ needs (predefined reports, revision in terms of features and data content as such to become more user oriented).

Key recommendations made by the evaluation report are relating to finalizing implementation of MySMIS and extending it to meet the needs of the ETC and ESF type programmes.

Preparation for 2014-2020

The new programming period represents an opportunity to consolidate the experience of 2007-2013 in the preparation of new improved electronic systems that will fully respond to article 63(4) of the CPR regarding the exchanges of information between MS and COM, as well as to the article 112(3) of the CPR (e-cohesion).

In this sense, four systems for data exchange will be developed at national level taking also into account the improvements underlined by the ex-ante evaluation.

- SMIS 2014+ / MySMIS - will cover five operational programmes (ROP, AC OP, LI OP, COMP OP, HC OP, TA OP) under the responsibility of MEF;
- an information system for the European Territorial Cooperation under MRDPA responsibility;
- an information system for NRDP and one for OP FMA, under the responsibility of MARD.

SMIS 2014+

SMIS 2014+ will assure the exchanges of information with COM (SFC2014) and will contain the relevant information, rules and controls for FEDR, FC and FSE as specified in the general regulation and in the delegated and implementing acts.

The relevant information is related to programming / monitoring / evaluation / financial management / verification and audit and will cover only the programmes funded by ERDF, CF and ESF, except those under the European Territorial Development goal.

MySMIS (e-cohesion) has been developed recently and was designed to facilitate the electronic information exchange with beneficiaries. MySMIS is fully integrate the main regulatory elements¹³⁴ of the e-cohesion related to “technical characteristics for functioning of the computer system and to reduce the administrative burden for beneficiaries”, “only once encoding principle”, “interoperability” and “all exchanges of information”. For the moment it doesn’t accommodate the Human Resources programmes requirements.

Summary of actions planned

- Elaboration of the system concept based on the new institutional and procedural framework and contracting the software application development services for SMIS 2014+ / MySMIS 2014+ (January-December 2014)
- Developing of the electronic management system (January-December 2014)
- Testing phase and enter into production of the SMIS2014+ (September-December 2014)
- Training for SMIS 2014+ / MySMIS 2014+ users (September-December 2014)
- Launching use SMIS 2014+ / MySMIS 2014+ (December 2014).

Information system for the European Territorial Cooperation Programmes (PROETC2014)

Due to obsolete technology of the older MIS for ETC, a new electronic data management system will be developed and implemented. The new system will be based on the lessons learnt during 2007-2013 period and will ensure simplification of the European territorial cooperation programs / projects management.

The new electronic data management system (PROETC2014) will be developed for Romanian-Bulgaria Cross-border Cooperation Programme 2014-2020. This system will be used as pilot for the other cross-border programmes financed through IPA or ENI for which Romania fulfill Managing Authority function. It will enable interoperability with the other 3 systems for Investment for growth and jobs goal.

The system will provide to potential beneficiaries on line access in order to ensure the electronic exchange of information related to projects submitted (front office). For the Managing Authorities the system will be a tool to process the information recorded by beneficiaries and manage the programme. In this way the management and implementing process of the programmes will be simplified and the administrative burden reduced.

From the technical point of view the system will be developed based on the recent technologies available (open source). The main characteristics of the future system are “user friendly”, simplification, reduced administrative burden for beneficiary and managing authority’s users,

¹³⁴ In accordance with Implementing act on the rules concerning electronic information exchange with beneficiaries

upgrading facilities, data integrity and confidentiality, authentication of the users based on multi-level access, audit trail, searching information etc.

The modules and basic functions of the system:

- online user registration function, module management / security of access rights and users;
- programming module with the following functions: data visualization of the program, configuration function of the calls for proposal;
- project module with the following functions: online registration of the calls for proposal, function for recording online the contracts and invoices, online registration function for reimbursement claims;
- project management module with the following functions: validation projects, project appraisal process, selection and contracting projects, monitoring function of the reimbursement claims / progress reports;
- cash flow module: function payments, debit function, function for monthly declaration of expenditure, function generation for declaration of expenditure to the EC, the management function of the loaded document;
- report generation module etc.

Summary of actions planned

- Elaboration of the system concept and contracting the technical assistance (November 2013)
- Developing and implementation of the management system (December 2014)
- Testing phase and enter into production of the PROETC2014 (March 2015)

Information system for Rural Development Programme

In case of National Rural Development Programme, due to the specificity of its beneficiaries, a mandatory electronic data exchange system between beneficiaries and responsible authorities will not be set up for the next programming period (also having in view that for EAFRD this requirement is not compulsory).

The current systems applicable for investment projects and area related payments will be updated based on the new design of the programme and the implementation flow set-up for each measure. The system will record key information on each operation and beneficiary selected for funding, as well as on key stages of the project implementation needed for monitoring, control and evaluation.

SPARD (System for Processing Application for Rural Development) is designed for the investments projects submitted under NRDP and is managed by PARDF. The system is based on a couple of large categories of workflows for management the NRDP measures and horizontal workflows for the implementation of NRDP.

The informatic system is modular, designed to enable its further expansion and integration with other informatic systems. The architecture of the system is compliant with the internal working procedures and the legislative framework in force at the time of implementation. The flexibility and modularity characteristics of the system allow to be adapted to the procedural and legislative changes in a relatively short time and with minimal development effort. For efficient information system infrastructure management, centralized mechanisms are implemented in terms of operation and management. The users can access the system from the workstations in the county, regional and central offices.

IACS (Integrated Administration and Control System) is the informatic system managed by PIAA for NRDP axis 2 area related payments. Under Community legislation, the management of Community funds (EAGF and area related EAFRD measures) and supporting control applications submitted by farmers must be used as a binding instrument of the IACS. This system ensures the security and eliminates possibilities of fraud, requires specialized personnel, equipped with computers and office equipment suitable for the process of submission of applications by farmers.

In case of National Rural Development Programme, due to the specificity of its beneficiaries, a mandatory electronic data exchange system between beneficiaries and responsible authorities will not be set up for the next programming period (also having in view that for EAFRD this requirement is not compulsory).

The current systems applicable for investment projects and area related payments will be updated based on the new design of the programme and the implementation flow set-up for each measure. The system will record key information on each operation and beneficiary selected for funding, as well as on key stages of the project implementation needed for monitoring, control and evaluation.

Information system for Fisheries and Maritime Affairs Operational Programme (MISFMAOP2014-2020)

The current information system MISFOP2007-2013 is design to provide data regarding the programming, monitoring implementation, financial management, audit checks and evaluation of the programme. The main users of MISFMAOP are Management Authority, Certification Authority, Audit Authority and Paying Agency. The information for beneficiaries are provided through www.madr.ro and www.ampeste.ro (the progress of appraisal process, contracted projects, FOP implementing status, etc.).

The architecture of the informatic system is structured by modules and cover the entire project life cycle starting with the appraisal process (project application registration, checks of the compliance criteria and eligibility, selection of the eligible applications), contracting, payments authorization (reimbursement claims registration, verification and authorization for payment, generation of the payments, issuing the authorized payments, import in the accounting system).

The system could generate reports and statistics related to irregularities, debit register, funds flow from Managing Authority to Certifying Authority and to European Commission.

There have been also developed a module dedicated for the management of the project submitted within FLAG which follow the same information flow adapted to the particular feature of FLAG application.

The system ensures the data integrity, security and confidentiality for all users due to the multi-level granted access, and recovery management of the data base.

For the future programming period technical assistance will be contracted in order to prepare the Fisheries and Maritime Affairs Operational Programme 2014-2020. This assistance will include also an analysis of the MISFOP2007-2013 in order to identify the compliance of the system with new regulations requirements and develop the system accordingly.

ANNEXES

SWOT ANALYSIS and SMART GROWTH

A SWOT analysis has been used to distil the full Needs Analysis and to crystallise the key **strategic issues**. Whereas socio-economic analysis examines issues in isolation, the SWOT analysis explores how issues interact and the implications for making progress under the strategy. Furthermore, the SWOT Analysis is an aid to identifying high-level priorities and facilitates consideration of their relative weighting.

Table 1 set out the summary of strategic issues¹³⁵. As the SWOT analysis is classically used in a competitiveness context, the generic directions of development explored are typically on the following lines:

- Increase number of businesses.
- Grow / Improve performance of existing business base.
- Develop new areas of business.
- Attract mobile investment.
- Attract visitor expenditure.
- Expand exporting.

Collectively, these six directions of development broadly conform to the possibilities under the concept of **Smart Growth**. This has been complemented in this context with consideration of **Sustainable Growth** and **Inclusive Growth**.

The distribution of strategic issues seen in Table 2 and the following discussion makes clear:

- Sustainable Growth is essentially about the manner in which Smart Growth is pursued.
- Inclusive Growth is primarily concerned with addressing weaknesses.

TABLE 1: SWOT ANALYSIS: SUMMARY OF STRATEGIC ISSUES	
Strengths	Weaknesses
S1: Competitive Sectors provide a small proportion of employment S2: Large population and consumer base S3: Large workforce with good initial education. S4: Public Research Infrastructure With Competences Relevant to Growth Sectors S5: Good quality natural and cultural assets S6: Improving external connectivity. S7: Endowment of energy assets and security of supply. S8: Strong NGOs with social economy potential.	W1: Less competitive sectors account for a large proportion of employment. W2: Low business density W3: Low rate of formation of growth oriented businesses. W4: Low level of business investment W5: Low level of investment in R&D and weak linkage between R&D base and business. W6: Business financial services market failure W7: Low employment density W8: Weak performance in education and transition to the world of work W9: Low intensity of skills and skills shortages W10: High energy intensity of industry and low energy efficiency in domestic and business sectors. W11: Weak Internal connectivity W12: Incomplete broadband availability and low level of computer literacy W13: Weak environmental infrastructure and services. W14: Weak administrative and governance capacity W15: Gross deficits and spatial disparities in public service provision. W16: Dispersal and spatial concentration of weakness in human resource and economic activity W17: Low disposable income
Opportunities	Threats
O1: Potential for relatively strong manufacturing and high value added services companies SMEs to penetrate dynamic markets O2: Market potential for SMEs in existing and emerging international markets O3: Potential for SMEs to exploit new product and service markets and new marketing channels arising from technological innovation. O4: Potential for SMEs to exploit new product and service markets arising from environmental awareness. O5: Market potential for SMEs in social and local services. O6: International mobility of capital. O7: Agricultural rationalisation and reform O8: e-government, e-health and e-education	T1: Increased exposure to international competition. T2: Growth trend in European and World markets. T3: International mobility of capital T4: Market liberalisation T5: Rising energy prices T6: Climate change, related impacts and regulation T7: International competition for skills T8: Mass Internal Migration T9: Romania's International Obligations

TABLE 2: ASSESSMENT OF INTERACTION OF STRATEGIC ISSUES

Fundamental Characteristics of National / Regional Economy	Potential Directions of Development	Relevant Exploitable Strengths	Relevant Opportunities	Critical Internal Constraints (Weaknesses)	Critical External Constraints (Threats)
S2: Large population and consumer base W2: Low business density. W3: Low rate of formation of growth oriented businesses. W7: Low employment density. W14: Weak administrative and governance capacity. W16: Dispersal and spatial concentration of weakness in human resource and economic activity.	Increase number of businesses	S2, S8	O1, O2, O3, O4, O5, O7, O8	W6, W9, W14, W16, W17	
	Grow / Improve performance of existing business base	S1, S2, S4, S7	O1, O2, O3, O4, O5, O7, O8	W1, W4, W5, W6, W9, W10, W11, W12, W14, W16, W17	T1, T3, T5, T6
	Develop new areas of business	S4, S8	O3, O4, O5, O9	W1, W5, W6, W9, W12, W14	T7, T9
	Attract mobile investment	S2, S3, S6, S7	O6	W9, W17	T1, T2, T3
	Attract visitor expenditure	S5, S6	O1, O2	W4, W6, W9	
	Expand exporting	S1, S4, S6	O2, O7	W6, W9	T1
	Sustainable growth	S1, S5	O4, O8	W1, W10, W11, W13	T6, T9
	Inclusive growth	S8		All of W1-W17	T7
S1: Competitive Sectors provide a small proportion of employment S2: Large population and consumer base S3: Large workforce with good initial education. S4: Public Research Infrastructure With Competences Relevant to Growth Sectors S5: Good quality natural and cultural assets S6: Improving external connectivity. S7: Endowment of energy assets and security of supply. S8: Strong NGOs with social economy potential. W1: Less competitive sectors account for a large proportion of employment. W2: Low business density. W3: Low rate of formation of growth oriented businesses. W4: Low level of business investment. W5: Low level of investment in R&D and weak linkage between R&D base and			W15: Gross deficits and spatial disparities in public service provision. W16: Dispersal and spatial concentration of weakness in human resource and economic activity. W17: Low disposable income. O1: Potential for relatively strong manufacturing and high value added services companies SMEs to penetrate dynamic markets. O2: Market potential for SMEs in existing and emerging international markets. O3: Potential for SMEs to exploit new product and service markets and new marketing channels arising from technological innovation. O4: Potential for SMEs to exploit new product and service markets arising from environmental awareness. O5: Market potential for SMEs in social and local services. O6: International mobility of capital. O7: Agricultural rationalisation and reform.		

<p>business.</p> <p>W6: Business financial services market failure.</p> <p>W7: Low employment density.</p> <p>W8: Weak performance in education and transition to the world of work.</p> <p>W9: Low intensity of skills and skills shortages.</p> <p>W10: High energy intensity of industry and low energy efficiency in domestic and business sectors.</p> <p>W11: Weak Internal connectivity.</p> <p>W12: Incomplete broadband availability and low level of computer literacy.</p> <p>W13: Weak environmental infrastructure and services.</p> <p>W14: Weak administrative and governance capacity.</p>	<p>O8: e-government, e-health and e-education.</p> <p>T1: Increased exposure to international competition.</p> <p>T2: Growth trend in European and World markets.</p> <p>T3: International mobility of capital.</p> <p>T4: Market liberalisation.</p> <p>T5: Rising energy prices.</p> <p>T6: Climate change, related impacts and regulation.</p> <p>T7: International competition for skills.</p> <p>T8: Mass Internal Migration.</p> <p>T9: Romania's International Obligations</p>
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Smart Growth 1: Increasing the Number of Businesses

This direction of development directly confronts two distinctive weaknesses in Romania's economy: low business density (W2) and the low rate of formation of growth oriented businesses (W3).

Romania has limited exploitable strengths to assist in this direction. The potential in the large population and consumer base (S2) is constrained by the low level of disposable income (W19), reflecting the small number of salaried jobs in the economy.

A range of opportunities is potentially available to new start businesses. In the period of analysis, value added services (O3) have been relatively more buoyant than manufacturing (O1). New starts are less likely to address export markets (O2).

Many of the opportunities identified are connected with regulatory and social reform, notably environmental markets (O4), social and local services (O5), agricultural rationalisation and reform (O7) e-government, e-health and e-education (O8). This suggests that government can play an important role in stimulating new business development from the way that it deploys public expenditure and procures public goods and services. In this context, the availability of NGOs with social economy potential (S8) may be an important channel.

The internal weaknesses that constrain new business development are low consumer disposable income (W17) and its spatial distribution (W16) which suggest that progress will be harder to achieve in certain regions, in rural and geographically disadvantaged areas. This underlines the important role of government as a source of demand and stimulation of new businesses, particularly in locations where the market is weaker. The most serious technical obstacles to new business development are business financial services market failure (W6) which tends to be more significant for new businesses, and which in the 2007-13 period was imperfectly addressed by public policy which restricted support for new businesses. Low availability of skills (W9), particularly in growing sectors is a further constraint, but equally affects existing businesses. A further general disincentive, but which may particularly deter the formation of new businesses is the excessive administrative and regulatory burden (W14).

There are no external constraints identified representing a critical and specific restriction upon business start-ups.

Smart Growth 2: Growing and / or Improving the Performance of the Existing Business Base

Promoting this direction of development may involve exploiting relatively strong sectors (S1) or improving the performance of relatively weak sectors (W1). This is generally one of the most feasible directions of development insofar as it is concerned with treatment of businesses that already exist within the development area. However, in Romania, the latitude for action is considerably limited by the relatively small number of businesses and absorption potential in competitive sectors (S1) and the large proportion of the business base which is a low priority for public intervention (especially those businesses in retail and near to retaining that account for an above average share of the businesses in the Romanian economy). This is further compounded by disparities in business and consumer activity (W16 and W17).

Romania's large population and consumer base (S2) represents an important opportunity for internal market development, but its potential is limited in the short-medium term by its lack of spending power (W17). The knowledge resources in Romania's Higher Education and Public Research Institutions (S4) can be exploited to improve existing and to create new goods and services, although the system is less than fully adapted to commercial needs (W5). The endowment of energy assets (S7) may provide a resource advantage for certain forms of business.

The full range of market opportunities O1-O8 potentially applies to existing businesses. New markets O3 and O4 may provide an appropriate route for businesses facing declining demand in their existing markets. As with new businesses, government expenditure and procurement has important potential as a source of demand, particularly in locations where the market is weak (W16 and W17)

Two critical weaknesses are identified as being characteristic of the existing business base: low levels of general investment (W4) and investment in R&D (W5), with high energy intensity (W10) being a lesser issue. However, there are a larger number of general weaknesses in the Romanian business environment are identified which hinder progress, notably access to finance (W6) access to skills (W9) weak internal connectivity (W11) over-regulation (W14), while incomplete broadband availability and a low level of computer literacy (W12) represent constraints for a subset of businesses.

The existing business base is subject to a number of identified threats. International mobility of capital (T3) and exposure to increased international competition (T1) have combined since 2007 to displace domestically owned and controlled businesses, the furniture sector being a case in point. Rising energy prices (T5) and regulation of emissions (T6) represent a particular threat to Romania's highly energy intensive industries (W10).

Smart Growth 3: Developing Entirely New Areas of Activity

This is normally a more speculative and higher risk direction for development, however, in addition to the exploitation of technological innovation (O3) Romania's reform process has potential to provide additional impetus to the development of new activity.

Romania's environmental obligations (T9) as well as consumer awareness (O4) will channel expenditures and create markets in the 2014-20 period. Obligations in relation to inclusivity and territoriality will channel expenditures towards social and local services (O5). Obligations towards public sector reform and increased efficiency will channel resources towards electronic delivery (O8). These reforms will create business opportunities in areas that are new in Romania and will potentially stimulate business and social innovation.

Exploitable strengths exist in Romania's Public Research infrastructure (S4) where distinctive competencies exist for certain technologies, including ICTs, although its capacity in relation to social innovation is less clear. In this context social economy models (S8) may provide suitable channels. However, the orientation of the purchasing Government Departments and the procurement culture that they operate (W14) will be critical to the results obtained.

The critical weaknesses in this regard are the limited capacity in competitive sectors of the Romanian economy (W1) allied to a present low level of investment in R&D by businesses and weak linkage between R&D institutions and the business base (W5). Access to finance (W6), shortage of skills (W9) and the loss of indigenous talent to overseas competition (T7) may also be constraining factors. As regards the potential of e-government, e-health and e-learning, limited gaps remain to be filled in broadband coverage. However, more serious limitations are likely to be the low levels of broadband take-up and computer literacy (W12).

Smart Growth 4: Attracting Mobile Investment

This direction of development could provide an injection of activity to Romania's economy and could potentially contribute to addressing its deficit in employment in competitive businesses (W1) its low business density (W2) and its low employment density (W7).

However, a number of factors limit the extent upon which Romania can rely upon mobile investment to stimulate growth (O6). Firstly, Asia has proved more competitive than Europe in manufacturing

mobile investment for the past decade; within the EU countries such as Germany and the UK have retained competitiveness in services mobile investment (T3). This has been compounded by the recession which has seen significant reductions in overall investment flows (T2).

Mobile investment is not all good news. Rather than providing growth, there is a risk that it may simply displace indigenous businesses in the Romanian market (T1) although there should nevertheless be some consumer gain from competition.

Accepting that the attraction of mobile investment has limited potential, Romania nevertheless has some exploitable strengths. As with other opportunities, there is the scale of the consumer base (S2) although its spending power in the developing regions is limited (W17). Romania has an adequate workforce to absorb sizable investments (S3) although training may have to be provided as part of a support package to address skills shortages (W9). Romania has improving external connectivity (S6) and, since 2007, unrestricted access to the European Single Market. For certain investors, availability of competitively priced energy and a secure supply (S7) may be attractions.

Until now, the vast majority of mobile investment has taken place in Bucharest-Ifov (W16). Improvements to transport infrastructure, particularly roads, (W11) are likely to play an important role in ensuring that mobile investment contributes to growth in Romania's less developed regions.

Smart Growth 5: Attracting Visitor Expenditure

This direction of development involves exploiting a particular niche in dynamic and international markets (O1 and O2). It has potential to disperse benefits and, thereby, to contribute to solving Romania's spatial challenges (W16).

Romania possesses exploitable strengths in its endowment of natural and cultural assets (S5) and its improving external connectivity (S6). However, although the domestic market has seen recent growth, the analysis suggests that Romania has limited profile in the international leisure market and, as a result of comparatively lower levels of recent investment (W4) has a less competitive offer than other countries in the region (T1).

General weaknesses, such as access to finance (W6) and availability of skills (W9) are likely to impinge on tourism as they do on other business activity.

This mode of development is subject to a range of external constraints in addition to competition. International visitor numbers are susceptible to variation in response to the economic cycle (T2) and fuel costs (T5). In the longer term, the sustainability of high volume, low cost air travel is in question (T6).

Smart Growth 6: Expanding Export Activity

This direction of development principally involves exploiting of existing and emerging international markets (O2). Given the limited potential from Romania's internal market in the short-medium term (W16, W17), exporting is likely to be an important source of growth. It is also attractive insofar as it is one of the most straightforward directions of development to pursue.

Exporting can be relevant to all forms of business, but is likely to be most relevant to existing businesses in manufacturing and service sectors that are internationally competitive (S1), prospective new sectors and mobile investors who may make Romania a base from which to address the European market. However, the development of e-commerce is also lowering barriers to international activity by relatively new businesses.

As regards development of exporting activity per se, Romania's strengths lie primarily in its competitive sectors (S1), automotives, food and drink, leather and textiles, ICTs. It can build on

improving external connectivity (S6) and accessibility of the Single European Market. Further export potential may be realised by better exploiting of innovation assets (S4) and through improving the competitiveness of agriculture (O7).

The main internal obstacle to achieving growth from exporting is the limited proportion of the business base that is internationally oriented and is, or has potential to become internationally competitive (S1). Even some of Romania's relatively strong sectors, such as furniture, leather and textiles, are mature and low-medium value adding and are susceptible to attrition by international competition from lower cost / higher productivity locations (T1). Some weaknesses, such as access to finance (W6) and availability of skills (W9) are likely to impinge on exporting as they do on business activity more generally.

Aside from competition, the main threat to exporting is the variability of demand from international customers (T2), but this applies to all countries.

Sustainable Growth

At the present time, only a relatively small proportion of employment is in competitive sectors (S1). This is not compatible with sustainable development. To provide greater security for its people, Romania needs to secure economic growth, but to do so in a fashion that is sustainable in economic, social and environmental terms.

As environmental costs become more fully reflected in price of goods and services, business opportunities in environmental goods and services will emerge (O4) and the market will support the transition towards sustainable development and will support growth in business and jobs.

Currently, the greatest environmental threat confronting Romania is climate change and its associated impacts (T6). Romania already has a mixed energy sector and a good endowment of energy assets (S7) but Romania's international obligations (T9) will require a further and quite rapid shift in the mix towards renewable sources.

Nevertheless, improvements to the generation of power will be insufficient. Both the business and, particularly the household sector have considerable scope to improve energy efficiency (W10) requiring action on an individual and collective level (e.g. housing insulation schemes, co-generation schemes, etc.).

Sustainable development requires a broad efficiency in resource use and not just energy efficiency. There is considerable scope to improve the efficiency and effectiveness of government and public services (W15, W16) through the adoption of electronic delivery (O8).

Economic growth will entail more intensive use of transport. Romania's external connectivity is already good (S6) but internal transport will require considerable investment (W11) including in road transport. Improving the sustainability of transport will principally require improvements in logistical efficiency and investment which favours a shift in the modal balance towards rail and water transport.

Despite having a large population (S2) only a fraction is presently covered by modern waste and waste water services (W13). Romania's obligations under treaty (T9) will require a sustained investment programme for the next two decades to close the gap with European standards. Nevertheless, this will create new business opportunities and substantial numbers of new jobs.

Romania possesses significant natural and cultural assets (S5) including vast areas with agricultural potential. Many of these assets can be more fully exploited in a manner that is consistent with

sustainable development, but this will require active management, mitigation and conservation policies working in parallel with development.

Inclusive Growth

While Romania has experienced significant growth over the past decade, the benefits have been unequally distributed by location and across the more and less privileged groups in Romanian society (W16, W17). This is manifest in the capital region, Bucharest-Ilfov now having a GDP per capita above the EU average while the remaining seven development regions lag far behind.

Most of Romania's identified weaknesses (W1-W17) have an intensely territorial character with regional and, in particular, urban-rural inequalities being prominent.

The distribution of activity in Romania's competitive (S1) and less competitive (W1) business sectors is subject to significant disparities. Investments in transport (W11), telecommunications (W12), R&D (W5) environmental (W13) and social (W15) infrastructures need to be directed with regard to their consequences for regional competitiveness. As noted above, the role of Government as a major purchaser should be levered more effectively to stimulate business investment (W4) and new business formation (W3) in locations where the market is weak.

Romania has a low overall employment rate (W7) with just under half of the 8.3m jobs in the economy being salaried. This is compounded by significant spatial disparities. While the smart growth perspective favours concentration of investment in Romania's competitive sectors, the urgent need for entry level salaried jobs in Romania's less developed regions suggests that less competitive sectors (W1) and social economy models (S8) will have a role to play.

The gross deficit in jobs (W7) creates a dilemma for investment in skills (W9), particularly in the adult workforce. In a depressed labour market, investment in skills for stock has proved unsuccessful. There is a need to align skills development and employment development in integrated packages.

The analysis makes clear the intimate association of educational participation, transition into employment (W8) skills development (W9) and poverty and, moreover their strong regional and urban-rural character. Investing in improving equality of access to education and to social services as well as their quality will play an important role in enhancing the attractiveness of Romania's less developed regions as places to live and to invest.

Romania has been subject to mass migration for more than a decade as young people with transferable skills have responded to opportunities abroad (T7). If opportunity is not enhanced in Romania's development regions there is a high risk that in the coming years significant numbers of people will relocate to more buoyant centres of activity within Romania, the capital region in particular. This would be accompanied with significant additional stresses on environmental infrastructure (W13) and social services (W15).

LIST OF SOCIAL PARTNERS

1. Academic Foundation *Petre Andrei*
2. Academy of Agricultural and Forestry Sciences *Gheorghe Ionescu SISESTI*
3. Academy of Economic Studies
4. Academy of Scientists
5. ACCESS Oltenia
6. Accreditation Association Romania
7. ActiveWatch - Media Monitoring Agency
8. Acvaculture Association – Banart Sturio
9. ADEPT Foundation
10. Administrations of Protected Natural Areas Association
11. Agency for Implementation of Projects and Programmes for SMEs
12. Agricultural Economics Institute of the Romanian Academy
13. Alba Iulia Caritas- European Community Development
14. Alliance for Health in Romania
15. Alliance of Roma in Galati County
16. Alt Art Foundation
17. American Chamber of Commerce in Romania
18. Amphitheatre Foundation
19. Apollo Resource Center
20. Associate of literary works and publications
21. Association AGROM-E - Learning Center for Agriculture
22. Association Alliance to fight against alcoholism and drug addiction
23. Association COLFASA
24. Association *Culture, traditions, identity and success*
25. Association for Consumer Protection in Romania
26. Association for Implementing Democracy
27. Association for Industrial Waste Management and Contaminated Sites Management
28. Association for Sustainable Development
29. Association for the Development and socio-economic Promotion *Catalactica*
30. Association for Urban Transition
31. Association *Most beautiful villages*
32. Association of Agricultural Machinery Manufacturers and Importers of Romania
33. Association of Communes of Romania
34. Association of consultants for accessing EU funds in Romania
35. Association of cultural operators
36. Association of Ecotourism in Romania
37. Association of Hungarian Farmers from Romania
38. Association of Management Consultants in Romania
39. Association of Municipalities of Romania
40. Association of Operators in Organic Agriculture -BIO Romania
41. Association of Pork meat Producers from Romania

42. Association of Processors, importers and traders of fish in Romania
43. Association of Regional Development Agencies in Romania
44. Association of Romanian Consultants to access European funds
45. Association of Towns in Romania
46. Association of Vrancea county communes
47. Association of Women and Families in Rural Areas
48. Association of Writers and Artists
49. Association of Young Entrepreneurs in Romania - YEAR
50. Association PAKIV Romania
51. Association Professional Social NGOs
52. Association PROFOREST
53. Association RISE Romania
54. Association ROREG
55. Association Save Danube and the Danube Delta
56. Association *Save the Danube Delta*
57. Association *Together for you*
58. Babes-Bolyai University of Cluj-Napoca
59. BDG
60. Body Access Experts European Structural and Cohesion Funds
61. Brasov Metropolitan Agency for Sustainable Development
62. Bucharest National Opera
63. Business Association in Romania
64. C4C Association – Communication for Community
65. Caritas Romania Confederation
66. Center for European Studies and Rural Cooperation
67. Center of European Studies –*Alexandru Ioan Cuza University of Iasi*
68. Centre for Research and Consultancy on Culture
69. Centro de Estudio Infer SL Murcia
70. Romanian Center Initiative Association
71. Chamber of Commerce and Industry of Romania
72. Chamber of Commerce, Industry and Agriculture
73. CIROM
74. Civil Society Development Foundation
75. Civitas Foundation for Civil Society
76. Cluster Association in Romania - Regional Cluster Products and Food Industry-AGROFOOD,
77. CNS Cartel Alfa
78. CO2 Club Association
79. Commercial Fishermen's Association from the Black Sea - Ropescador
80. Confederation of Democratic Trade Unions of Romania
81. Consultants Association in Romania for Accessing EU Funds
82. Continuity Training Center and Competency Assessment in Social Work - CFCECAS
83. Corona Foundation
84. Delta Cultural Foundation
85. Dunarea de Jos University of Galati
86. ECO EDEN Association
87. ECO PRO & Scientia
88. Ecological University
89. Economic and Social Council

90. Ecopolis Centre for Sustainable Policies
91. ECOROM
92. ECOTIC
93. Educatia 2000 + Centre
94. Employers Association of training providers in Romania
95. Employers Organization Constanta port operator
96. Estuary Foundation
97. Europe Association for Human Development
98. European Association for Economical Oppozition
99. Faculty of Forestry University Stefan cel Mare
100. Farmers and Processors Association of Romania
101. Farmers' Federation
102. Federation of Processors of Fish from the Danube Delta
103. Federation Philanthropy
104. Federation of Associations for Touristic promotion of Romania
105. Federation of fishermen associations in the Black Sea
106. Federation of Local Authorities in Romania
107. Federation of NGOs for Children
108. Federation of sheep and goats breeders from Romania
109. Fish Architects Union / Union Restorers
110. Forest Research and Management Institute
111. Foundation Amphitheatre
112. Foundation for Civil Society Development
113. Foundation for Inclusion and Social Cohesion
114. Foundation for Promotion of SMEs
115. Foundation Hope and Homes for Children Romania
116. Foundation of Young Managers
117. Foundation PACT
118. Foundation *Policy Center for Roma and Minorities*
119. Foundation *Pro friendship*
120. Foundation Roma Education Fund - Romania
121. Foundation Romtens
122. Foundation Social Entrepreneurship
123. Foundation to prepare citizens for European integration
124. General Union of Industrialists in Romania
125. Gheorghe Lazar National College of Sibiu
126. Gregory Antipas Museum
127. HABITAT Liga
128. Humanitarian Foundation Romanian Angel Appeal
129. Initiative Group Association *Radu Anton Roman*
130. Institute for Human Resource Development
131. Institute for Public Policy
132. Institute for Social Policy Association
133. Intercommunity Development Association
134. Intercultural Institute of Timisoara
135. Ivan Patzaichin Association - Mila 23
136. Junior Chamber International Romania Federation
137. League of Associations of Agricultural Producers of

138. League of irrigation water users in Romania
139. Lifeguard and Rescue Service
140. Materials Manufacturers Association of Romania
141. Media Monitoring Agency
142. Metropolitan Agency for Sustainable Development
143. Metropolitan areas and conurbations Federation of Romania
144. Motivation Romania Foundation
145. Mountain Farmers Federation *Dorna*
146. Multimedia Foundation for Local Democracy
147. National Agency of Fisheries Producers
148. National Association Fruit Vegetables
149. National Association of bakery industry in Romania
150. National Association of Manufacturers in Romania
151. National Association of Professional Divers Romania
152. National Association of Rural Women
153. National Association of Rural, Ecological and Cultural Tourism
154. National Association of Tourist Resorts in Romania
155. National Center for Roma Culture
156. National College of Social Workers in Romania
157. National Confederation of Romanian Employers
158. National Coordinating Council Regional Pacts for Employment and Social Inclusion
159. National Council of Disability Federation of Romania
160. National Council of Private Small and Medium Enterprises
161. National Council of Private Small and medium enterprises in Romania
162. National Credit Guarantee Fund for Small and Medium Enterprises
163. National Federation Alma Mater
164. National Federation of Local Action Groups in Romania
165. National federation of Trade Unions in Agriculture, Food, Tobacco, Domains and Related Services
166. National Federation of Trade Unions in the Food Industry
167. National Foundation of Young Managers
168. National Heritage Institute
169. National Institute for Research and Development for Soil Science, Agro-chemistry and Environment Protection
170. National Institute for Research and Development in Constructions, Urban Planning and Sustainable Territorial Development "URBAN-INCERC"
171. National Institute for Research and Development in Tourism
172. National Institute of Statistics
173. National Inter-professional Organization -Vitivinicola
174. National Library of Romania
175. National Marine Research and Development Institute *Grigore Antipa - Constanta*
176. National Mountain Rescue Association in Romania
177. National Museum *George Enescu*
178. National Museum of Art
179. National Museum of the Romanian Peasant
180. National network of Romanian Museums
181. National Opera in Bucharest
182. National Organization of Disabled People in Romania

183. National Organization of Romanian Scouts
184. National Patronage of Vine and Wine
185. National Research and Development Institute *Delta Dunarii* - Tulcea
186. National Research and Development Institute for Environmental Protection
187. National School of Political and Administrative Studies
188. National School of Political and Administrative Studies
189. National Trade Union Bloc
190. National Trade Union Confederation -MERIDIAN
191. National Trade Union of Romanian peasants, the landlords, home and Shareholders of Agriculture
192. National Union of County Councils of Romania
193. National Union of Environment
194. National Union of Historic Building Restaurateurs
195. National Union of Road Carriers from Romania
196. National Union of Students in Romania
197. Noi Orizonturi Fundation
198. Northwest Regional Pact for Employment and Social Inclusion
199. Oradea Metropolitan Area
200. Order of Architects of Romania
201. Order of General Nurses, Midwives and Nurses
202. Organization for the Promotion of alternative transport in Romania
203. OSB Consulting GmbH Austria – Romanian Branch
204. Ovidiu Rom Association
205. Ovidiu Rom Association
206. Ownership and Professional Organization REMAT
207. PACT Fundation
208. Pakiv Association
209. Partnership for Equality Center
210. PartNET Association - Partnership for Sustainable Development
211. Patronage of the National Association of Travel Agencies
212. People Development Foundation
213. Pro Armonia Fundation
214. Pro Armonia Fundation
215. Pro Democracy Association
216. Pro Democratia Association
217. Pro Do Mo
218. Pro Vobis Association
219. Professional Association of Producers and Distributors of electricity and heat in cogeneration
220. Professional Association of Roads and Bridges in Romania
221. Professional Association of Social NGOs
222. Projects Implementation Center for Human Resource Development
223. Red Cross National Society in Romania
224. Research and Development Institute for Aquatic Ecology, Fishing and Acvaculture
225. Research Development Station for Fish
226. Research Institute of the quality of life
227. Resource Center for Roma Communities
228. Roma Civic Alliance of Romania
229. Roma Secretariat Foundation

230. Romani Criss Centre
231. Romania Association of Blind People
232. Romanian Academic Society
233. Romanian Agency Consulting
234. Romanian Association Against
235. Romanian Association for Environment
236. Romanian Association of Banks
237. Romanian Association of Banks
238. Romanian Association of Construction Entrepreneurs
239. Romanian Association of Fire Safety Engineers
240. Romanian Association of Sanitation
241. Romanian Banking Institute
242. Romanian Bureau of Legal Metrology
243. Romanian Center for Education and Human Development
244. Romanian Center for European Policies
245. Romanian Employers from Milling Industry, Bakery
246. Romanian Fisheries Patronage
247. Romanian National Patronage
248. Romanian Patriarchate
249. Romanian Patronage
250. Romanian Patronage from of Dairy Industry
251. Romanian Regional Science Association
252. Romanian Scouts Organization
253. Romanian Social Development Fund
254. Romanian Tourism Employers' Federation
255. Romanian Water Association
256. ROREG Association
257. Ruhama Foundation
258. Rural Credit Guarantee Fund
259. Rural Net
260. Samusocial Association of Romania -Mobile Social Emergency Relief Service
261. Save de Children Organization
262. Save the Danube Delta Association
263. SC Adecco Resurse Umane SRL
264. SC Diacostampet SRL
265. SC Dialfa Security Ltd
266. SC Edu-Tim ADVICE European SRL
267. SC Euro Jobs SRL Petrosani
268. SC Formprof Services Ltd T argument Mures
269. SC Global Commercium Development SRL – GCD
270. SC MIBA Consulting SRL
271. SC Stef Management Consulting SRL
272. SERA Romania Foundation
273. Soros Foundation Romania
274. SOS Children's Villages Romania
275. Standards Association of Romania
276. State Inspection for Control of Boilers, Pressure Vessels and Hoisting
277. Studio Video Art

278. Technical University of Civil Engineering Bucharest
279. *Telefonul Copilului* Association
280. Terra Ecologica
281. Terra Millennium III
282. The Romanian Ornithological Society
283. *Impreuna* Agency
284. Trade Union Federation of Railway Transport of Romania
285. *Un Copil, O Speranta* – Romania Foundation
286. UNICEF
287. Union of Agricultural Producers in North – West Romania
288. Union of Romanian cinematographers
289. University of Agricultural and Veterinary Sciences
290. University of Agronomic Sciences and Veterinary Medicine
291. University of Architecture and Urbanism *Ion Mincu*
292. University of Bucharest
293. University of Craiova
294. University of Medicine and Pharmacy Carol Davila
295. Urban Planners Professional Association of Romania
296. Urbconnet SRL
297. Veterinary Medicine
298. *Viata si Lumina* Foundation
299. Video Art Studio
300. *Viitorul Romilor* Association
301. World Vision Foundation
302. World Wide Fund for Nature
303. Young Entrepreneurs in Romania

ANNEX IV

Summary of all applicable general and thematic/fund-specific ex-ante conditionalities at national level

Applicable Ex-ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
COHESION POLICY EX-ANTE CONDITIONALITIES					
1.1. <i>Research and innovation</i> : The existence of a national or regional research and innovation strategic policy framework for smart specialisation, where appropriate, in line with the National Reform Programme, to leverage private research and innovation expenditure.	On-going	<ul style="list-style-type: none"> – A national or regional research and innovation strategic policy framework for smart specialisation is in place that: <ul style="list-style-type: none"> – is based on a SWOT or similar analysis to concentrate resources on a limited set of research and innovation priorities; – outlines measures to stimulate private RTD investment; – contains a monitoring mechanism. – A framework outlining available budgetary resources for research and innovation has been adopted. 	All criteria shall be fulfilled by the National RDI Strategy 2014-2020	<p>Deadline: October 2013 for completion of the National RDI Strategy 2014-2020; December 2013 for adoption as Government Decision.</p> <p>Deadline: October 2013 for completion of the National RDI Strategy 2014-2020; December 2013 for adoption as Government Decision.</p> <p>Deadline: October 2013 for completion of the National RDI Strategy 2014-2020; December 2013 for adoption as Government Decision.</p>	<p>The National RDI Strategy 2014-2020 is in preparation since December 2012, and will be finalized by October 2013. The methodology of the entire exercise is built on the EU Guidelines for smart specialisation strategies. The Strategy shall define a policy mix focusing on a limited number of priorities starting from the analysis of the R&I-based growth potential, taking into account the existing sectorial strategies (e.g. Health National Strategy), and using modern foresight methods. The RDI vision for 2020 proposes a focus on competitiveness by placing innovation at the centre of the research & development policy, as well as a commitment to global standards of excellence. The Strategy will contain a mechanism for monitoring and evaluation. The strategy development is based on a strong partnership between businesses, public entities and knowledge institutions.</p> <p>The multi-annual framework outlining available budgetary resources for research and innovation shall be part of the National RDI Strategy.</p>
1.2 The existence of a multi-annual plan for budgeting and prioritization of investments.	On-going	– An indicative multi-annual plan for budgeting and prioritization of investments linked to EU priorities, and, where appropriate, the European Strategy Forum on Research Infrastructures - ESFRI has been adopted.	On-going		The National RDI Strategy 2014-2020 shall also include a multi-annual plan for budgeting and prioritization of investments linked to EU priorities (ESFRI).

Applicable Ex-ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
2.1. <i>Digital growth</i> : A strategic policy framework for digital growth to stimulate demand for affordable, good quality and interoperable ICT-enabled private and public services and increase uptake by citizens, including vulnerable groups, businesses and public administrations including cross border initiatives.	On-going	<ul style="list-style-type: none"> – A strategic policy framework for digital growth, for instance, within the national or regional innovation strategic policy framework for smart specialisation is in place that contains: <ul style="list-style-type: none"> – budgeting and prioritisation of actions through a SWOT or similar analysis consistent with the Scoreboard of the Digital Agenda for Europe; – an analysis of balancing support for demand and supply of information and communication technologies (ICT) should have been conducted; – indicators to measure progress of interventions in areas such as digital literacy, e-inclusion, e-accessibility, and of e-health within the limits of Article 168 TFEU which are aligned with existing relevant sectoral national or regional strategies; – assessment of needs to reinforce ICT capacity-building. 	On-going	deadline June 2013	<p>There is available a first draft of the National Strategy for Digital Agenda that contains:</p> <ul style="list-style-type: none"> -strategic policy framework for digital growth, within the national innovation strategic policy framework for smart specialization is in place that contains: -prioritization of actions through a SWOT or similar analysis consistent with the Scoreboard of the Digital Agenda for Europe; - an analysis of balancing support for demand and supply of information and communication technologies (ICT) conducted; - indicators to measure progress of interventions in the field of digital literacy, e-inclusion, e-accessibility, and of e-health - assessment of needs to reinforce ICT capacity-building.
2.2. <i>Next Generation Access (NGA) Infrastructure</i> : The existence of national or regional NGA Plans which take account of regional actions in order to reach the EU high-speed Internet access targets,	On-going	<ul style="list-style-type: none"> – A national and/or regional NGA Plan is in place that contains: <ul style="list-style-type: none"> – a plan of infrastructure investments based on an economic analysis taking account of existing infrastructure and published private investment plans; – sustainable investment models that enhance competition and 	All criteria shall be fulfilled by the national NGA	deadline June 2013	<p>There is available a draft of the national NGA Plan that contains:</p> <ul style="list-style-type: none"> – a plan of infrastructure investments based on an economic analysis taking account of existing infrastructure and published private investment plans; – sustainable investment models that enhance competition and provide access to open, affordable, quality and future

Applicable Ex-ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
focusing on areas where the market fails to provide an open infrastructure at an affordable cost and to a quality in line with the EU competition and state aid rules, and provide accessible services to vulnerable groups.		provide access to open, affordable, quality and future proof infrastructure and services; – measures to stimulate private investment.			proof infrastructure and services; – measures to stimulate private investment.
3.1. Specific actions have been carried out to underpin the promotion of entrepreneurship taking into account the Small Business Act (SBA).		– The specific actions are: – measures to reduce the cost and time to set-up businesses; – measures to reduce the time needed to get licenses and permits to take up and perform the specific activity of an enterprise.		Working group for drawing-up and monitoring of the Action plan for improving the business environment The criterion regarding reducing the cost and time to set-up a business is already fulfilled through the provisions of art.8(3) of law no. 359/2004)	The new GD regarding the functioning and organization of the Working Group is to be approved by the Government. At the level of the Working Group will be made an inventory of all the costs for registering an enterprise, of all licenses and permits to take up and perform the specific activity of an enterprise business, as well as of all related regulations. The Law nr. 346/2004, regarding the stimulation of setting-up and development of SMEs is to be modified and completed with provisions regarding “SMEs Test” – the impact evaluation of the regulations on SMEs.

Applicable Ex ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
4.1. Actions have been carried out to promote cost-effective improvements of energy end use efficiency and cost-effective investment in <i>Energy efficiency</i> when constructing or renovating buildings.		<ul style="list-style-type: none"> – The actions are: – Measures to ensure minimum requirements are in place related to the energy performance of buildings consistent with Article 3, Article 4 and Article 5 of Directive 2010/31/EU. – Measures necessary to establish a system of certification of the energy performance of buildings consistent with Article 11 of Directive 2010/31/EU. 	Yes	<ul style="list-style-type: none"> – Law no. 159/2013 amending and supplementing Law no. 372/2005 which transposing the Directive UE/31/2010 was published in the Official Journal no. 283/20 May 2013. http://www.mdr.ro/userfiles/legge_modificare_372_2005.pdf 	
		<ul style="list-style-type: none"> – Measures consistent with art. 13 of Directive 2006/32/EC on energy end-use efficiency and energy services to ensure the provision to final customers of individual meters in so far as it is technically possible, financially reasonable and proportionate in relation to the potential energy savings. 	Yes	<ul style="list-style-type: none"> National Action Plan for Energy Efficiency http://www.minind.ro/energie/PNAEE_var_finala.pdf 	As already stated by the energy law 13/2007 each electric energy consumption point has to be retrofitted with an individual energy meters. A similar situation applies to the gas market where approx. 6 % of such meters is located in buildings for groups of apartments (on a stair or for the whole block). For the thermal energy those meters are installed at the building perimeter. Smart metering projects are envisaged.

Applicable Ex ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
4.2. Actions have been carried out to promote high-efficiency co-generation of heat and power.		<ul style="list-style-type: none"> The actions are: <ul style="list-style-type: none"> Support for co-generation is based on useful heat demand and primary energy savings consistent with Article 7.1 and 9.1. (a) and (b) of Directive 2004/8/EC), Member States or their competent bodies have evaluated the existing legislative and regulatory framework with regard to authorisation procedures or other procedures in order to: <ul style="list-style-type: none"> a) encourage the design of co-generation units to match economically justifiable demands for useful heat output and avoid production of more heat than useful heat; and b) reduce the regulatory and non-regulatory barriers to an increase in co-generation. 	Yes		<p>Given the technical problems of old CHP plants built before 1980, is justified to develop a program of support for maintaining high-efficiency cogeneration in these plants, mainly by supporting cogeneration based on a useful heat demand by providing of investment aids in the rehabilitation and modernization of production capacities in CHP through the EU funding program for 2014-2020.</p> <p>Criteria for prioritizing projects for refurbishment / modernization of capacities in cogeneration must consider the following: improving the operating parameters following the investments correlated to age of cogeneration capacities.</p>
4.3. Actions have been carried out to promote the production and distribution of renewable energy sources		<ul style="list-style-type: none"> Transparent support schemes, priority in grid access or guaranteed access and priority in dispatching, as well as standard rules relating to the bearing and sharing of costs of technical adaptations which have been made public are in place consistent with Article 14 (1) Article 16 (2) and 16 (3) of Directive 2009/28/EC. 	Yes	Government Decision no. 90/2008 approving the Regulation on connecting users to public electricity networks http://www.anre.ro/documente.php?id=332	Transmission system operators and distribution system operators guarantee the transmission and distribution of electricity produced from RES with priority access.

Applicable Ex-ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
		– A MS has adopted a national renewable energy action plan consistent with Article 4 of Directive 2009/28/EC.	Yes	National Action Plan on Renewable Energy http://www.minind.ro/energie/PNAER_final.pdf	
5.1. <i>Risk prevention and risk management</i> : The existence of national or regional risk assessments for disaster management taking into account climate change adaptation	Partially	<ul style="list-style-type: none"> – A national or regional risk assessment with the following elements shall be in place: <ul style="list-style-type: none"> – A description of the process, methodology, methods and non-sensitive data used for risk assessment as well as of the risk-based criteria for the prioritisation of investment; – A description of single-risk and multi-risk scenarios; – Taking into account, where appropriate, national climate change adaptation strategies. 	<p>No</p> <p>Yes</p>	<p>http://www.mmediu.ro/beta/wp-content/uploads/2012/10/2012-10-05-Strategia_NR-SC.pdf</p>	<p>A national risk assessment will be made through a technical assistance project. Final term is December 2015.</p> <p>The National Strategy on Climate Change 2013-2020 was approved by the GO 529/2013, which contains also the adaptation component. The Strategy addresses two main components: the reduction of greenhouse gas emissions concentration (Mitigation) and adapting to the effects of climate change (Adaptation). National Action Plan on Climate Changes will be elaborated through technical assistance. First version will be available during I quarter of 2015, final version will be available during II quarter 2015.</p>

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Applicable Ex ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
6.1. <i>Water sector:</i> The existence of a) a water pricing policy which provides adequate incentives for users to use water resources efficiently and b) an adequate contribution of the different water uses to the recovery of the costs of water services at a rate determined in the approved river basin management plan for investment supported by the programmes.	Yes	– A MS has ensured a contribution of the different water uses to the recovery of the costs of water services by sector consistent with Article 9, paragraph 1, first indent of Directive 2000/60/EC having regard, where appropriate, to the social, environmental and economic effects of the recovery as well as the geographic and climatic conditions of the region or regions affected.	Yes	The measure was fulfilled by Waters Law no.107/1996 ammended by Law no.310/2004 (Articles 80-82, which established the recovery costs of services for water use) and by Law no.112/2010.	The transposition of the Directive 2000/60/CE(Article 9) establishing a framework for Community action in the field of water policy in Romanian legislation was implemented by Waters Law no.107/1996, with amendments, and it provides the economical mechanism in water management which establishes the contribution of different water users at costs recovery of water services. In this way it is stated a system of contributions, payments, incentives, tariffs and penalties, on the basis of the principles of recovery costs in water management, respectively, “ user pays” and “polluter pays”. The measure was fulfilled by Waters Law no.107/1996 ammended by Law no.310/2004 (Articles 80-82, which established the recovery costs of services for water use) and byLaw no.112/2010. The analysys for the recovery of related costs of water services will be completed during the period 2013-2014, in the following Basin Rivers Management Plans, by including of the externalities of environmental costs and of costs of resources on the basis of the recommanded methodologies of European Comision. An intern study will be elaborated for the assessment of environmental costs, as resource and benefits as part of implementation process of the Directive 2000/60/CE) establishing a framework for Community action in the field of water policy. <i>Deadline for completion of the study: 30 September 2014</i>

Applicable Ex ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
		– The adoption of a river basin management plan for the river basin district with a justified concentration of investments consistent with Article 13 of Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy.	Yes	The adoption of National Management Plan for the part of the International Danube District which belongs to Romanian Territory and of 11 River Basins Management Plans was achieved by the approval of Governmental Decision no.80/2011	The River Basin Management Plans(for the 11 River Basins of Romania) elaborated by National Administration”Apele Romane”, in accordance with the provisions of the Directive 2000/60/CE establishing a framework for Community action in the field of water policy set out also and assessed the costs for the basis measures and supplementary measures for significant pollution sources. These measures will assure to reach the good status of water in the context of implementation process of European legislation in the field of water, with the result in decreasing of the pollution of surface waters.
6.2. Waste sector: Promoting economically and environmentally sustainable investments in the waste sector particularly by the development of waste management plans consistent with Directive 2008/98/EC on waste, and with the waste hierarchy	Partially	– A report has been submitted to the Commission on progress towards targets of Article 11 of Directive 2008/98/EC and intended actions to meet the targets.	On-going	The report will be submitted to the Commission till the end of 2013.	This is the deadline in conformity with the Directive.
		– The existence of one or more waste management plans as required by Article 28 of Directive 2008/98/EC.	On-going	http://mmediu.ro/file/NationalWasteStrategy.pdf http://www.mmediu.ro/beta/domenii/gestionarea-dezeurilor/strategii-planuri-studii/	National Waste Management Strategy (NWMS) is revised in accordance with the new requirements/European guidelines, following the procedure of strategic environmental assessment (SEA). The document was discussed in accordance with Government Decision no. 1076/2004 procedure of environment assessment for plans and programs, as amended and supplemented. It was decided to issue the environmental approval as a base for the NWMS to be adopted later by Government Decision. National Waste Management Plan (NWMP) will be revised in accordance with the new requirements of Law 211/2011 on waste which

Applicable Ex ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
I					transpose Directive 2008/98/EC. Currently we are preparing tender documentation to choose the consultant which will realize the NWMP. Also, 2 strategies will be elaborated by IV quarter 2013: – Elaboration of sludge management strategy; – Elaboration of the National Waste Prevention Plan. At the same time, the County Waste Management Plans will be developed by II quarter of 2015.
		– A MS has established, consistent with Articles 1 and 4 of Directive 2008/98/EC, waste prevention programmes, as required by Article 29 of the Directive.	No		The elaboration of the National Waste Prevention Plan will be achieved by IV quarter 2013.
		– Necessary measures to achieve the target on re-use and recycling by 2020 consistent with Article 11.2 of Directive 2008/98/EC have been adopted	Yes	Law on waste management 211/2011 http://www.mmediu.ro/beta/domenii/gestionarea-deseurilor/legislatie-deseuri-2/	This law contains the necessary measures in order to achieve the target on re-use and recycling by 2020 in conformity with the Article 11.2 of the Directive 2008/98/EC.

Applicable Ex-ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
7.1. <i>Road</i> : The existence of a comprehensive plan(s) or framework(s) for transport investment in accordance with the MSs' institutional set-up (including public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN-T comprehensive and core networks.	On-going	<ul style="list-style-type: none"> – The existence of a comprehensive transport plan(s) or framework(s) for transport investment which fulfills legal requirements for strategic environmental assessment and sets out: <ul style="list-style-type: none"> – the contribution to the single European Transport Area consistent with Article 10 of Regulation No. [TEN-T], including priorities for investments in: <ul style="list-style-type: none"> – the core TEN-T network and the comprehensive network where investment from the ERDF and CF is envisaged; and – secondary connectivity. – a realistic and mature pipeline for projects envisaged for support from the ERDF and CF. 	All criteria shall be fulfilled by the GTMP		<p>The GTMP is currently under development, with technical assistance support, and will be the most important ground for future programming activities in transport sector.</p> <ul style="list-style-type: none"> – National Transport Model – deadline 17.04.2013 - fulfilled; – Preliminary Report (draft) of the GTMP - deadline 16.08.2013 – fulfilled; – SEA for the GTMP – will be made till end of 2013; – Project Report regarding the Strategy for National Transport System Elaboration - deadline 17.09.2013; – Final Draft of the Report concerning the GTMP - deadline 18.11.2013; – Final Draft of the Report concerning the Elaboration of Strategy for Transport National System - deadline 17.12.2013; – Final Report - deadline 17.02.2014. <p>The GTMP is to be approved and assumed by the Romanian Government and implemented by the MT - deadline 30.03.2014, through Emergency Ordinance.</p> <p>A department within the MT will be dedicated to the GTMP implementation.</p> <p>Proposal of a prioritized list of projects and a</p>

Applicable Ex ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
7.2. <i>Railway:</i> The existence within the comprehensive transport plan(s) or framework(s) of an explicit section on railway development in accordance with the MSS' institutional set-up (including public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN-T comprehensive and core networks. The investments cover mobile assets, interoperability and capacity building.		<ul style="list-style-type: none"> – The existence of a section on railway development within the transport plan(s) or framework(s) as set out above which fulfills legal requirements for strategic environmental assessment and sets out a realistic and mature project pipeline (including a timetable, budgetary framework); – Measures to ensure the capacity of intermediary bodies and beneficiaries to deliver the project pipeline. 			realistic calendar for implementation.

Applicable Ex-ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
8.1. Active labour market policies are designed and delivered in the light of the Employment guidelines	Partially	<ul style="list-style-type: none"> – Employment services have the capacity to and do deliver: <ul style="list-style-type: none"> – personalised services and active and preventive labour market measures at an early stage, which prioritise the most vulnerable while being open for all jobseekers; – information on new job vacancies. 	On going	1. The National Strategy for Employment in the perspective of the year 2020 2. The National Plan for boosting youth employment 2013 3. Amending and supplementing Law no. 76/2002 on the unemployment insurance system and employment stimulation.	1. The Strategy Action Plan is being developed in the inter-ministerial working group established for this purpose. The strategy will be finalized and approved by the Romanian Government until the end of third quarter of 2013. 2. The Plan was approved by the Romanian Government by Memorandum in April 2013. 3. The Law no. 76/2002 was approved by the Government in December 2012 and is in the parliamentary procedure.
		<ul style="list-style-type: none"> – Employment services have set up formal or informal cooperation arrangements with relevant stakeholders. 		1. The National Plan for boosting youth employment 2013 2. Amending and supplementing Law no. 279/2005 on apprenticeship at the workplace, republished. 3. Development and approval of the law on the internship for graduates of higher education. 4. The law on the organization and functioning of the Economic and Social Council.	The Plan was approved by the Romanian Government by Memorandum in April 2013. All the regulations related to this conditionality have been approved by the Government and there are in parliamentary procedure.
8.2. Self-employment, entrepreneurship and business creation: the existence of a strategic policy framework for inclusive start-up.	On going	<ul style="list-style-type: none"> – A strategic policy framework for inclusive start-up support is in place with the following elements: <ul style="list-style-type: none"> – measures to reduce the cost and time to set up businesses; – measures to reduce the time needed to get licenses and permits to take up and perform the specific activity of an enterprise business; 	On going	Working group for drawing-up and monitoring of the Action plan for improving the business environment The criterion regarding reducing the cost and time to set-up a business is already fulfilled through the provisions of art.8(3) of law no. 359/2004)	The new GD regarding the functioning and organization of the Working Group is to be approved by the Government. At the level of the Working Group will be made an inventory of all the costs for registering an enterprise, of all licenses and permits to take up and perform the specific activity of an enterprise business, as well as of all related regulations.

Applicable Ex ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
		– actions linking suitable business development services and financial services (access to capital), including the outreach to disadvantaged groups and/or areas where needed.			The Law nr. 346/2004, regarding the stimulation of setting-up and development of SMEs is to be modified and completed with provisions regarding “SMEs Test” – the impact evaluation of the regulations on SMEs.
8.3. - Labour market institutions are modernised and strengthened in the light of the Employment Guidelines; - Reforms of labour market institutions will be preceded by a clear strategic policy framework and <i>ex ante</i> assessment including the gender dimension	On going	– Actions to reform employment services, aiming at providing them with the capacity to deliver: – personalized services and active and preventive labor market measures at an early stage, which prioritize the most vulnerable jobseekers; – information on new job openings.	On going	1. The National Strategy for Employment in the perspective of the year 2020 2. Amending and supplementing Law no. 76/2002 on the unemployment insurance system and employment stimulation 3. Law no 53/2003 – Labour Code, republished 4. Evaluation of the legislation impact 5. Amending and supplementing Law nr.202/2006 on organization and functioning of the National Agency for Employment	1.The Strategy Action Plan is being developed in the inter-ministerial working group, established for this purpose. The strategy will be finalized and approved by the Romanian Government until the end of third quarter of 2013. 2. The Law no. 76/2002 was approved by the Government in December 2012 and is in the parliamentary procedure. 3. The Labor Code is in implementation and monitoring. 4. The evaluations of the legislation impact in all areas related to the labor market are foreseen until 2015 5. The draft emergency ordinance in this purpose is in the process of inter-institutional approval.
		– Reform of employment services will include the creation of formal or informal cooperation arrangements with relevant stakeholders.		Amending and supplementing Law nr.202/2006 on organization and functioning of the National Agency for Employment, for changing the way the representatives of trade unions and employers' confederations representative at	The draft emergency ordinance in this purpose is in the process of inter-institutional approval.

Applicable Ex ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
				national level are designated in the tripartite management structures of the NEA	
8.4. Active and healthy ageing: Active ageing policies are designed in the light of the Employment Guidelines.	On going	<ul style="list-style-type: none"> – Actions to deliver on active and healthy ageing challenges: – Relevant stakeholders are involved in the design and follow-up of active ageing policies with a view to retaining elderly workers on the labour market and promote their employment. 	On going	<ol style="list-style-type: none"> 1. The National Strategy regarding older persons and active ageing 2014-2020 2. Modifying and completing Law no. 76/2002 regarding social security system for unemployment and stimulating employment 3. Law no. 263/2010 with subsequent modifications and completions regarding the unified pensions system 	<ol style="list-style-type: none"> 1. The Terms of Reference to elaborate the Strategy are currently under negotiation with the World Bank. The approximate period of completion the task is of 6 month form the signing of the contract. 2. The law was approved by the Romanian Government and it is under the parliamentary procedure. 3. The normative act is in force since 1st of January 2011 and it was completed through the Emergency Ordinance no. 1/2013.
8.5. Adaptation of workers, enterprises and entrepreneurs to change: The existence of policies aimed at favouring anticipation and good management of change and restructuring.	On going	<ul style="list-style-type: none"> – A limited number of basic instruments are in place to support social partners and public authorities to develop proactive approaches towards change and restructuring, in particular the existence of policies aimed at favouring anticipation and good management of change and restructuring. 	On going	<ol style="list-style-type: none"> 1. Development of a draft law which will establish the organization and functioning of the sectoral committees, through the active involvement of the social partners. 2. Amending and supplementing Law no. 279/2005 on apprenticeship at the workplace, republished. 3. Development and approval of the law on the internship for 	<ol style="list-style-type: none"> 1. Currently, the work of these committees is established by Law no. 132/1999, republished, regarding the organization and functioning of the National Council for Adult Vocational Training republished, amended and supplemented by Government Emergency Ordinance no. 28/2009 on the regulation of social protection measures. The new Law is to be approved until the end of 2013. 2. The law on apprenticeship at the workplace has been approved by the Romanian Government. 3. The law on the internship for graduates of higher education has been approved by the Romanian Government and there are in the

Applicable Ex ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
				<p>graduates of higher education.</p> <p>4. The draft law amending and supplementing Government Ordinance no. 129/2000 on adult vocational training, including subsequent normative acts for implementation.</p>	<p>parliamentary procedure.</p> <p>4. The law is approved by the Parliament and are in the process of promulgation.</p>
<p>8.6. Sustainable integration into the labour market of young people aged 15-24, in particular those not in employment, education or training:</p> <p>The existence of a [...] strategic policy framework for [...] promoting youth employment [...]. This conditionality applies only to operations supported under the Youth Employment Initiative.</p>		<p>A [...] strategic policy framework for promoting youth employment [...] is in place that:</p> <ul style="list-style-type: none"> – is based on evidence; [...] – involves [...] stakeholders that are relevant for addressing youth unemployment; – allows early intervention and activation for the most vulnerable young people; – comprises supportive measures for access to employment, labour mobility and sustainable integration of young people, in particular those not in employment, education or training, in to the labour market. 			<p>The action plan for conditionality fulfillment is approved by the Romanian Government in April 2013.</p>
<p>9.1. Early school leaving: The existence of a strategic policy framework to reduce early school leaving (ESL) within the limits of Article</p>	On going	<ul style="list-style-type: none"> – A system for collecting and analyzing data and information on ESL at relevant levels is in place that: – provides a sufficient evidence-base to develop targeted policies and monitors developments. 		<p>Strategy to Reduce Early School Leaving</p> <p>The strategy will also include an efficient system for collecting and analysing the data and the information regarding all the</p>	<p>The Terms of Reference for contracting technical assistance from World Bank have been finalised and are to be signed. The Strategy will be completed in December 2013.</p>

Applicable Ex ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
165 TFEU.		<ul style="list-style-type: none"> – A strategic policy framework on ESL is in place that: <ul style="list-style-type: none"> – is based on evidence; – covers relevant educational sectors, including early childhood development, and addresses prevention, intervention and compensation measures; – involves all policy sectors and stakeholders that are relevant to address ESL. 		aspects related to the educational system.	
9.2. Higher education: The existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.	On going	<ul style="list-style-type: none"> – A national or regional strategic policy framework for tertiary education is in place with the following elements: <ul style="list-style-type: none"> – where necessary, measures to increase participation and attainment that: <ul style="list-style-type: none"> – increase higher education participation among low income groups and other under-represented groups; – reduce drop-out rates/improve completion rates. – measures to increase employability and entrepreneurship that: <ul style="list-style-type: none"> – encourage the development of "transversal skills", including entrepreneurship in relevant higher education programmes; – reduce gender differences in terms of academic and vocational choices. 	On going	National Strategic policy framework for tertiary education: National Strategy for Tertiary Education	The Strategy will be drafted with technical assistance from World Bank. The finance request is to be approved under the procedures of POSDRU 2007-2013. The Strategy will be completed in December 2013.
9.3. Lifelong learning: The existence of a national	On going	<ul style="list-style-type: none"> – A national or regional strategic policy framework for lifelong learning is in 	On going	National Strategy for Lifelong Learning	The Strategy will be drafted through a technical assistance project under POSDRU

Applicable Ex ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
and/or regional strategic policy framework for lifelong learning within the limits of Article 165, TFEU		<p>place that contains:</p> <ul style="list-style-type: none"> – measures to support lifelong learning (LLL) implementation and skills upgrading and providing for the involvement of, and partnership with relevant stakeholders; – measures for the provision of skills development corresponding to the needs of various target groups where these are identified as priorities in national or regional strategic policy frameworks (for example young people in vocational training, adults, parents returning in the labour market, low skilled and older workers, migrants and other disadvantaged groups); – measures to widen access to LLL including through efforts to effectively implement transparency tools (for example the European Qualifications Framework, National Qualifications Framework, European Credit system for Vocational Education and Training, European Quality Assurance in Vocational Education and Training). 			<p>2007-2013. The terms of reference have been already agreed with the Ministry of Labour and are to be approved under the procedures of POSDRU 2007-2013.</p> <p>The Strategy will be completed in January 2014.</p>
10.1. The existence and the implementation of a national strategic policy framework for poverty reduction aiming at the	On going	<ul style="list-style-type: none"> – A national strategic policy framework for poverty reduction, aiming at active inclusion, is in place that: <ul style="list-style-type: none"> – provides a sufficient evidence 	On going	Strategy regarding the promotion of social inclusion and combating poverty 2014-2020	The Terms of Reference for launching the public procurement for contracting the technical assistance needed for the elaboration of the strategy have been elaborated. The

Applicable Ex ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
active inclusion of people excluded from the labour market in the light of the Employment guidelines.		<p>base to develop policies for poverty reduction and monitor developments;</p> <ul style="list-style-type: none"> – is in accordance with the national poverty and social exclusion target (as defined in the National Reform Programme), which includes the extension of employment opportunities for disadvantaged groups; – involves relevant stakeholders in combating poverty; – Upon request and where necessary relevant stakeholders can be provided with support for submitting project applications and for implementing and managing the selected projects. 			Terms of Reference to elaborate the Strategy are negotiated with the World Bank. The approximate period of completion the task, proposed by the WB is of 9 month form the signing of the contract.
10.2. A national Roma inclusion strategic policy framework is in place	On going	<ul style="list-style-type: none"> – A national Roma inclusion strategy is in place that: <ul style="list-style-type: none"> – sets achievable national goals for Roma integration to bridge the gap with the general population. These targets should address the four EU Roma integration goals relating to access to education, employment, healthcare and housing; – identifies where relevant those disadvantaged micro-regions or segregated neighbourhoods, where communities are most deprived, using already available socio-economic and territorial 	On going	<p>1. Strategy of the Government of Romania for the inclusion of the Romanian citizens belonging to the Roma minority for the period 2012-2020 http://www.anr.gov.ro/html/Politici_Publice.html</p> <p>2. Improving institutional capacity of the National Focal Point for Roma in order to implement the European Framework for Roma inclusion and the National Roma Strategy 2012-2020.</p>	<p>The Roma Strategy will be revised by June 2013.</p> <p>The Strategy will comprise a revised action plan, prioritizing the measures for 2014-2016 periods. The action plan will take into consideration the results under the "Study on Diagnostics and Policy Advice for Supporting Roma Integration", which is to be performed by WB. The first results of the study are to be ready until the end of 2013.</p>

Applicable Ex ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
		<p>indicators (i.e. very low educational level, long-term unemployment, etc);</p> <ul style="list-style-type: none"> – includes strong monitoring methods to evaluate the impact of Roma integration actions and a review mechanism for the adaptation of the strategy. – is designed, implemented and monitored in close cooperation and continuous dialogue with Roma civil society, regional and local authorities. – Upon request and where necessary relevant stakeholders can be provided with support for submitting project applications and for implementing and managing the selected projects. 			
10.3. <i>Health:</i> The existence of a national or regional strategic policy framework for health within the limits of Article 168 TFEU ensuring economic sustainability.	No	<ul style="list-style-type: none"> – A national or regional strategic policy framework for health is in place that: <ul style="list-style-type: none"> – contains coordinated measures to improve access to health services; – contains measures to stimulate efficiency in the health sector through deployment of service delivery models and infrastructure; – contains a monitoring and review system. – A MS or region has adopted a framework outlining available budgetary resources on an indicative basis and a cost-effective 	No		

Applicable Ex-ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
		concentration of resources on prioritised needs for health care.			
<p>11.MSs administrative efficiency:</p> <ul style="list-style-type: none"> - The existence of a strategic policy framework for reinforcing the MS's administrative efficiency including public administration reform 	On going	<ul style="list-style-type: none"> - A strategic policy framework for reinforcing a MS's administrative efficiency with the following elements are in place and in the process of being implemented: <ul style="list-style-type: none"> - an analysis and strategic planning of legal, organisational and/or procedural reform actions; - the development of quality management systems; - integrated actions for simplification and rationalisation of administrative procedures; - the development and implementation of human resources strategies and policies covering identified main gaps in this field; - the development of skills; - the development of procedures and tools for monitoring and evaluation. 	On going		<p>In order to achieve the ex-ante conditionality in the area of public administration, namely the Existence of a strategy to strengthen the administrative efficiency in Romania, including a public administration reform, the Ministry of Regional Development and Public Administration in cooperation with the General Secretariat of the Government will elaborate the 2014-2020 Strategy for the strengthening of public administration, according to the following steps:</p> <ul style="list-style-type: none"> - Elaboration of the first draft of the 2014-2020 Strategy for the strengthening of public administration - end of May 2013 - fulfilled; - Submission of the first draft of the 2013-2020 Strategy for the strengthening of public administration for analysis and formulation of proposals and observations by the Thematic Consultative Committee on Administration and Good Governance (TCCAGG) and the Interinstitutional Committee for the Partnership Agreement (ICPA) – October 2013; - Completion of the draft 2014-2020 Strategy for the strengthening of public administration, in correlation to the intermediary drafts of the Partnership Agreement and Operational Programs in consultation with the EC Representatives and on the basis of the analysis of structural causes and recommendations achieved within the

Applicable Ex ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
					<p>working group set up under the coordination of a counsellor of the Prime Minister – October 2013;</p> <p>– Approval of the 2014-2020 Strategy for the strengthening of public administration, through Government Decision – December 2013.</p> <p>In order to ensure the technical support necessary for the substantiation and elaboration of the Strategy, on November 7th 2012, a request for technical assistance on the implementation of the „Support for the establishment of priorities within the public administration reform in Romania” project, amounting to 415.369 Lei and with a 6 months implementation duration, has been submitted to the Authority for the Coordination of Structural Instruments within the Ministry of European Funds. At the moment, the technical specifications regarding the expertise required within the project are to be finalized in order to be focused solely on the key elements of the Strategy, thus aiming at reducing the implementation period of the project, so that the final results to be achieved according to the calendar set up for the completion of the Strategy.</p>
COHESION POLICY GENERAL EX-ANTE CONDITIONALITIES					
Public procurement		– Arrangements for the effective application of EU public procurement rules through appropriate mechanisms;	Yes	http://www.anrmap.ro/	EU directives on public procurement (2004/17 and 2004/18) have been transposed by Romania into the national legislation thorough EGO no 34/2006 concerning the award of public procurement contracts, public works concession contracts, and services concession contracts and the

Applicable Ex ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
					<p>subsequent implementing legislative acts.</p> <p>Arrangements are in place in order to ensure the effective application of EU procedures in the field of ESIF.</p> <p>Romanian authorities intend to timely prepare the future legislative package that will transpose the new EU Directives, on which occasion is to be considered a new "architecture" of national legislation on public procurement.</p>
		– Arrangements which ensure transparent contract award procedures;			<p>Romania has legislation and guidance in place on award of public contracts below thresholds procurement. It is made available to the potential beneficiaries and the staff concerned in the authorities and entities involved in ESIF implementation.</p> <p>The principle of publicity and transparency is guaranteed by the legislation in force and is assured by the National Authority for Regulation and Monitoring of the Public Procurements (ANRMAP) via Electronic Public Procurement System (SEAP). All contracting authorities publish awarding documentation in SEAP, according to applicable legal requirements. In this way, any economic operator interested to participate in a procedure for awarding a public procurement contract can access SEAP to find out all the information needed in drawing up the offer. In 2011/2012, Electronic Public Procurement System was improved to adjust with all the legislative changes made so far.</p>
		– Arrangements for training and dissemination of information for staff involved in the implementation			<p>Training for all staff involved with EU public procurement rules at all relevant levels has been provided and is planned to be continued</p>

Applicable Ex ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
		of the funds;			during the next financial programming. There is a system of dissemination (website, newsletters and e-mail) of the relevant guidance towards managing authorities, intermediate bodies, certifying authorities, audit authorities and beneficiaries.
		– Arrangements to ensure administrative capacity for implementation and application of EU public procurement rules.			In order to fulfil the undertakings assumed by Romania towards the EU, the National Authority for Regulation and Monitoring of the Public Procurements (ANRMAP) was established based on Government Emergency Ordinance no. 74/2005, as further amended and supplemented. Also, National Council for Solving Complaints (CNSC) is the administrative-jurisdictional body competent to resolve complaints relating to the procedure for awarding public procurement contracts. At the same time, the Ministry of Public Finance, through Unit for Coordination and Verification of Public Procurement, is responsible for verifying the procedural aspects relating to the process for awarding public procurement contracts. As the improvement of the administrative capacity is a permanent activity, further measures foreseen in the Plan for strengthening the administrative capacity for public procurement are to be implemented focusing on: national legislation codification, elimination of non-unitary practices of the main actors from the public procurement system, evaluation and updating of the analysis of professional training needs, monitoring of the public procurement system, including the

Applicable Ex ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
					CNSC decisions, strengthening the capacity and stability of the evaluation committees.
State aid	On - going	– Arrangements for the effective application of EU State aid rules;	Yes	<u>Law No 137/2007</u> on approval of the Emergency Ordinance No 117/2006 regarding national procedures in the state aid field www.ajutordestat.ro	The community state aid legislation is directly applicable in Romania, therefore all the grantors have the obligation to comply with this provisions. Moreover, the Romanian Competition Council experts must ensure that all the conditions regarding the state aid monitoring and, especially, that it ensures the compliance with the cumulation rules are included in the regulatory / administrative documents which establish state aid measures.
		– Arrangements for training and dissemination of information for staff involved in the implementation of the funds;	On going		<p>The Competition Council, through the Romanian State aid Network (RENAS), shall continue the activity of preparing the experts involved in the state aid area from different authorities.</p> <p>In paralel, Competition Council shall give support to the Public Servant Agency in order to prepare the training programme for the experts working with EU funds.</p> <p>Public Servant Agency is going to contract funding to conduct the training programme by OP TA.</p> <p>Training and dissemination of the information for staff involved in the implementation of EU funds will be held in the 2013-2020 period (based on annual update).</p>
		– Arrangements to ensure administrative capacity for implementation and application of EU State aid rules.	On - going		<p>Romania should have appropriate recording systems to allow systematic monitoring of state aid expenditure, to ensure the compliance with state aid rules and, in particular, to avoid accumulation.</p> <p>At the national level, the Competititon Council</p>

Applicable Ex ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
					has started the necessary steps to implement a data base for the state aid granted in Romania, so that all the grantors should have the possibility to verify the observance of the cumulation rule.
Environmental legislation relating to Environmental Impact Assessment (EIA) and, Strategic Environmental Assessment (SEA)	Partially	– Arrangements for the effective application of EIA and SEA Directives;	Yes	http://www.mmediu.ro/beta/domenii/evaluarea-impactului-asupra-mediului/	In order to implement the provisions of EIA Directive, Romania fully transposed this Directive through GD No. 445/2009 on the assessment of the effects of certain public and private projects on the environment. The implementation of these provisions was realized through a Joint Order of 4 Ministries, respectively through MO no. 135/76/84/1284/2010 for the approval of the methodology for implementing EIA for public and private projects, endorsed by the Ministry of Environment and Forests, Ministry of Administration and Interior, Ministry of Agriculture and Rural Development, Ministry of Regional Development and Tourism. We mention that the approved methodology also integrates in the assessment the effects of certain public and private projects on the environment, the appropriate assessment as required by the Habitats Directive, developed when a Nature 2000 site could be affected by a proposed project. In this respect, details of appropriate assessment for a project or a plan were approved through Order of the minister of environment and forests No. 19/2010 for the approval of the methodological guidelines for appropriate assessment as required by the Habitats Directive. In the same time, the Order of the minister of waters and environment protection No.

Applicable Ex ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
					<p>863/2002 is still applicable, approving methodological guidelines applicable to the steps of the EIA procedure; it reflects the requirements of the EC guidelines in the field and was elaborated in order to be used by the environmental authorities and developers.</p> <p>We also mention the existence of the Order of the minister of waters and environmental protection no. 864/2002, on Transboundary EIA procedures, including public participation in decision-making process in the Transboundary projects, ensuring the implementation of the transboundary provisions related to both of EIA Directive and Espoo Convention.</p> <p>From institutional point of view, EIA procedure is unitary implemented, by each environmental protection county agency, by National Environmental Protection Agency (NEPA) and by the Ministry of Environment and Climate Change, depending on the competences established by the MO No. 135/2010 and GD no.1000/2012.</p> <p>In order to implement the provisions of SEA Directive, Romania fully transposed this Directive through GD no.1076/2004 on the establishment of assessment of the effects of certain plans and programmes on the environment. The Government Decision is applicable at national level, establishing with GD no.1000/2012, the competences for procedure and issuing the environmental permit for plans and programmes elaborated at national, regional, county and local level.</p> <p>We reiterate that the provisions of MO No.</p>

Applicable Ex ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
					<p>19/2010 for the approval of the methodological guidelines for appropriate assessment as required by the Habitats Directive have been taken into consideration in the implementation of the procedure foreseen by GD No. 1076/2004, in order to ensure an integrated approach of appropriate assessment within SEA procedure.</p> <p>In the same time, guidelines for the implementation of EIA procedures have been elaborated as regards projects for motor highways, railways, water intakes and floods, integrated waste management systems, wastewater treatment plants and wastewater networks (JASPERS guidelines), as well as SEA guidelines developed in 2007 for energy, industry, territorial planning and transport plans (PHARE assistance).</p> <p>Having in view that in the current stage, the provisions of a new Directive are negotiated which will modify the in force EIA Directive, the national legislation for the transposition implementation will be also amended. A substantial analysis of the national legislation will be prior to necessary amendments.</p> <p>For the fulfilment of the criterion foreseen at point 4, let.a), the measures will be completed, depending the case, after receiving the arrangements details from COM.</p> <p>For the a) criterion, a significant legal amendment is not mandatory, though, as for Romania, we can consider that there are in place the legal UE requirements for the programming period 2014-2020. As regards the harmonization with new legal provisions of</p>

Applicable Ex ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
					the new EIA Directive, under negotiation process in the present, the deadline for the Romanian legislation, in this respect, will be established depending on the date for the adoption of this European Directive.
		– Arrangements for training and dissemination of information for staff involved in the implementation of EIA and SEA Directives;	On going		The elaboration of a training plan for the period 2014-2020 based on some standard instruments which will be adjusted to the necessities and requirements in Romania. MECC benefits of JASPERS support for the fulfilment of the requirement related to the training for all staff involved in the implementation of EIA/SEA Directives. In this project, the following documents will be elaborated: – A standard document for the drafting of the preparation plan for the entire period 2014-2020; – A pilot preparation plan for Romania (including trainers, number of trainings etc.) 2014-2020. The deadline is November/December 2013.
		– Arrangements to ensure sufficient administrative capacity.	On going		The criteria will be achieved till March 2014 based on the JASPERS recommendations and MECC experience.
Statistical systems and result indicators	On going	– Arrangements for timely collection and aggregation of data with the following elements is in place: - the identification of sources and mechanisms to ensure statistical validation; - arrangements for publication and public availability. - an effective system of results	On going		The complete fulfilment of the criteria is related to the progress in preparation of the operational programmes. All operational programmes will provide a description of the monitoring system in place and arrangements for public availability of data and for each indicator will indicated the data sources, statistical validation mechanism. In order to support the selection of result

Applicable Ex ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
		<p>indicators including:</p> <ul style="list-style-type: none"> - the selection of result indicators for each programme providing information on what motivates the selection of policy actions financed by the programme; - the establishment of targets for these indicators; - the respect for each indicator of the following requisites: robustness and statistical validation, clarity of normative interpretation, responsiveness to policy, timely collection of data; - procedures in place to ensure that all operations financed by the programme adopt an effective system of indicators. 			<p>indicators, included their related elements (data sources, data processing, and ensure statistical validation), the Ministry of European Funds has implemented the project "Improvement of the production of statistical information by territorial breakdown in Romania".</p> <p>The project has provided a list of potential indicators to be used in the 2014-2020 programming period, and for each indicator the data availability and breakdown levels (gender, residential area, regional distribution, age group, other) was verified. The National Institute for Statistics can provide most of the required data. Based on agreement, additional researches could be included in the Annual Statistical Programme.</p> <p>The Ministry of European Funds will provide guidance on the preparation of operational programmes, including the process of indicators selection, information about data sources, data collection methodology and arrangements in order to ensure the fulfilment of reporting obligations.</p> <p>The ex-ante evaluation of operational programmes will examine if the result indicators have a clear title and definition, if they can be easily understood and if they reflect the significant effects of programme priorities; It will also examine if the result indicators are robust and are statistically valid (robustness of indicators), the existence of reliable data sources and if the quantified target values are realistic.</p>
EX ANTE CONDITIONALITIES FOR RURAL DEVELOPMENT					

Applicable Ex ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
4.1. Good Agricultural and Environmental Conditions (GAEC): standards for good agricultural and environmental condition of land referred to in Chapter I of Title VI of Regulation (EU) HR/xxxx are established at national level	Yes	GAEC standards are defined in national law and specified in the programmes; –	Yes	MARD and MEF Order no. 30/147/2010 http://www.apdrp.ro/uploads/Docu%20LEGISLATIE/Ordin_147_din_16_febr_2010.pdf	Since 2007 Romania has implemented Good Agricultural and Environmental Conditions (GAEC). Currently, MARD and MEF Order no. 30/147/2010 approving (GAEC) in Romania, as amended and supplemented, translates the stipulations of EC regulation 73/2009 regarding these practices. For the next programming period, the responsible Romanian authorities will consider updating the legislative framework related to GAEC, in order to ensure compliance with the rules established by regulations regarding post 2013 CAP, after their approval.
4.2. Minimum requirements for fertilisers and plant protection products: minimum requirements for fertilisers and plant protection products referred to in article 29 Chapter I of Title III of this Regulation are defined at national level		– minimum requirements for fertilisers and plant protection products referred to in Chapter I of Title III of this Regulation are specified in the programmes;	Yes	Order no. 1182/1270/2005 of MARD and MEF Government Decision no. 1559/2004 Government Ordinance no. 4/1995	The Code of Good Agricultural Practice for the protection of waters against pollution caused by nitrates from agricultural sources, approved by Order no. 1182/1270/2005 of MARD and MEF, version revised in 2013; MARD - National Phytosanitary Agency: Government Decision no. 1559/2004 on the procedure for approval of plant protection products, in order to place them on the market and their use in Romania, as amended and supplemented. - Government Ordinance no. 4/1995 regarding the production, marketing and use of phytosanitary products for protection against diseases, pests and weeds in agriculture and forestry, as amended and supplemented
4.3 other relevant national standards:		– relevant mandatory national standards are specified in the			Article 51, paragraph 3 of Regulation 1698/2005 concerning rural development

Applicable Ex ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
relevant mandatory national standards are defined for the purpose of article 29 Chapter I of Title III of the EAFRD Regulation		programmes			provides deadlines for application of the statutory management requirements (SMR) for Romania. Thus, Romania started implementing SMR from 2012 promoting Order no. 187/2155/42/2011 of MARD, MMP and ANSVSA approving the statutory management requirements (SMR) for the identification and registration of animals in the schemes and measures for farmers in Romania. Romania will implement, in stages, all SMR until 1 January 2016. In this context, keeping in mind the provisions of the CAP post-2013 regulations, the relevant national legislation will be updated to ensure compliance with these requirements.
4.4. Risk prevention: the existence of national risk assessments for disaster management. taking into account climate change adaptation		<ul style="list-style-type: none"> – A national risk assessment shall be in place that includes: <ul style="list-style-type: none"> - A description of the process, methodology, methods and non-sensitive data used for national risk assessment; - Adoption of qualitative and quantitative methods for risk assessment; - Taking into account, where appropriate, national climate change adaptation strategies, 			See the conditionality 5.1 of the cohesion policy.
6.1 Access to EAFRD: The provision of support for relevant stakeholders in accessing the EAFRD		<ul style="list-style-type: none"> – Relevant stakeholders are provided support for submitting project applications and for implementing and managing the selected projects. 	Yes		Draft Regulation for rural development provides functioning of a national network as an important tool to support action and dissemination of information in rural development. However, there is a number of documents and events (such as guides and other informational materials, seminars and conferences) to

Applicable Ex-ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
					promote the work undertaken in the field of agriculture and rural development and in the field of financing opportunities.
HORIZONTAL CONDITIONALITIES APPLYING TO SEVERAL PRIORITIES					
HC.1 MSs administrative efficiency: the existence of a strategy for reinforcing the country's administrative efficiency including public administration reform	On going	<ul style="list-style-type: none"> – A strategy for reinforcing a MSs' administrative efficiency is in place and in the process of being implemented; the strategy includes: <ul style="list-style-type: none"> - an analysis and strategic planning of legal, organisational and/or procedural reform actions; - the development of quality management systems; - integrated actions for simplification and rationalisation of administrative procedures; - the development of skills at all levels; - the development of procedures and tools for monitoring and evaluation; 			See the point 11 from cohesion policy.
HC.2 Human resources allocation: sufficient capacity in human resources allocation, training management and IT systems is available within the bodies responsible for the management and implementation of rural development programmes		<ul style="list-style-type: none"> – A description of human resources allocation, training management and IT systems within the Managing Authorities of the programme, which demonstrates the fulfilment of ex – ante conditionality HC.2 is included in the programme 	Yes		There is now a legal and institutional framework to enable management and implementation of future rural development program

Applicable Ex ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
HC. 3 Selection criteria: an appropriate approach laying down principles with regard to the setting of selection criteria for projects and local development is defined		– A description of the chosen approach to the setting of selection criteria for projects and local development, which demonstrates the fulfilment of ex-ante conditionality HC.3 is included in the programme.			The program will include a chapter in which the principles of deciding the criteria for project selection will be established. Those criteria will reflect the priorities set and the needs resulted from analysis.
FISHERIES SPECIFIC EX ANTE CONDITIONALITIES					
1. The establishment of a multiannual national strategic plan on aquaculture as referred in Article 43 of the [Regulation on the Common Fisheries Policy] by 2014	No	<ul style="list-style-type: none"> – A multiannual national strategic plan on aquaculture is transmitted to the Commission at the latest by the day of transmission of the OP – The OP includes information on the complementarities with the multiannual national strategic plan on aquaculture 	No		
2. Administrative capacity: administrative capacity is available to comply with the data requirements for fisheries management set out in Article 37 of the [Regulation on the CFP]	No	<ul style="list-style-type: none"> – A description of the administrative capacity to prepare and apply a multi-annual programme for data collection, to be reviewed by STECF and accepted by the Commission – A description of the administrative capacity to prepare and implement an annual work plan for data collection, to be reviewed by STECF and accepted by the Commission 	No		

Applicable Ex-ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
		– A description of the capacity in human resources allocation to undertake bilateral or multilateral agreements with other MS if work to implement the data collection obligations is shared			
Administrative capacity: administrative capacity is available to comply with the implementation of a Union control inspection and enforcement system as stipulated in Article 46 of the [Regulation on the CFP] and further specified in Council Regulation (EC) No 1224/2009.	No	<p>The specific actions include:</p> <ul style="list-style-type: none"> - A description of the administrative capacity to prepare and implement the <u>section of the OP pertaining to 2014-2020 national control financing</u> program as referred to in Article 1920(l) (n) - A description of the administrative capacity to prepare and implement the national control action programme for multiannual plans (Art 46 Control Regulation) - A description of the administrative capacity to prepare and implement a common control program that may be developed with other MSs (art 94 CR) - A description of the administrative capacity to prepare and implement the Specific Control and Inspection Programmes (art 95 CR). - A description of the administrative capacity to apply a system of effective, proportionate and dissuasive 	No		

Applicable Ex-ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
		sanctions for serious infringements (art 90 CR) - A description of the administrative capacity to apply the point system for serious infringements (art 92 CR)			
Capacity report has been submitted in accordance with Article 35 of the [Regulation on the CFP].	On - going	- The report is done in accordance with common guidelines issued by the Commission	On – going		Romania is within the reference limits according to European regulations and complete / submit by the deadline set by European regulations capacity report.

(ii) Table on applicable general and thematic/Fund-specific ex-ante conditionalities, which are unfulfilled or only partially fulfilled (as set out in the table above) at the time of submission of the Partnership Agreement.

Tabel no. 9 – Summary of applicable general and thematic/Fund-specific ex-ante conditionalities, which are unfulfilled or only partially fulfilled

Applicable general ex-ante conditionalities for which national bodies are responsible	Criteria not fulfilled	Action to be taken	Deadline (date)	Bodies responsible for fulfillment
5.1. <i>Risk prevention and risk management</i> : The existence of national or regional risk assessments for disaster management taking into account climate change adaptation	<ul style="list-style-type: none"> - A national or regional risk assessment with the following elements shall be in place: <ul style="list-style-type: none"> - A description of the process, methodology, methods and non-sensitive data used for risk assessment as well as of the risk-based criteria for the prioritisation of investment; - A description of single-risk and multi-risk scenarios; - Taking into account, where appropriate, national climate 	<ul style="list-style-type: none"> - A project for the development of a national risk assessment will be developed. <ol style="list-style-type: none"> 1. Design and implementation of a project under the Technical Assistance Operational Program for the development of a national risk assessment. The project will be coordinated by the General Inspectorate for Emergency Situations, under the ministry of Internal Affairs. Main activities: <ol style="list-style-type: none"> 1.1. Completion of application form 1.2. Public procurement process 	December 2015	Ministry of Internal Affairs - General Inspectorate for Emergency Situations

Applicable general ex-ante conditionalities for which national bodies are responsible	Criteria not fulfilled	Action to be taken	Deadline (date)	Bodies responsible for fulfillment
	change adaptation strategies	<p>1.3. Project implementation</p> <p>1.3.1. Development of national risk assessment methodology;</p> <p>1.3.2. Development of a list with risk scenarios with major impact and the description of the representative ones;</p> <p>1.3.3. Development of national hazard maps;</p> <p>1.3.4. Development of national database comprising all information concerning hazard exposure;</p> <p>1.3.5. Vulnerability analysis;</p> <p>1.3.6. Assessment of representative risk scenarios;</p> <p>1.3.7. Development of national risk maps for the assessed risk scenarios.</p> <p>2. Amendment of current legislation in order to create the legal basis for the establishment of National Platform for Disaster Risk Reduction and Working Group for National Risk Assessment;</p> <p>3. Establishment of legal framework on the organisation and functioning of National Platform for Disaster Risk Reduction and Working Group for National Risk Assessment.</p> <p>– Development of the National Action Plan on Climate Change</p>	<p>A first draft of the Action Plan - first quarter 2015</p> <p>Final version and approval - second quarter 2015</p>	Ministry of Environment and Climate Changes
6.2. Waste sector: Promoting economically and environmentally sustainable investments in the waste sector particularly by the development of waste management plans consistent with Directive 2008/98/EC on waste, and with the waste hierarchy	– The existence of one or more waste management plans as required by Article 28 of Directive 2008/98/EC.	<p>The criteria is partially fulfilled.</p> <p>Documents required to be developed and approved for compliance performance in terms of the above criteria:</p> <p>– Development of National Waste Management Plan</p> <p>– Developing the National Waste Prevention Plan</p> <p>– Developing the County Waste Management Plans</p>	<p>– V quarter 2014</p> <p>– IV quarter 2014</p> <p>– II quarter 2015</p>	Ministry of Environment and Climate Changes
	– A MS has established, consistent with Articles 1 and 4 of Directive 2008/98/EC, waste prevention	– Developing the National Waste Prevention Plan. It will be part of the National Waste Management Plan.	– IV quarter 2014	Ministry of Environment and Climate Changes

Applicable general ex-ante conditionalities for which national bodies are responsible	Criteria not fulfilled	Action to be taken	Deadline (date)	Bodies responsible for fulfillment
	programmes, as required by Article 29 of the Directive.			
7.1. Road: 7.2. Railway:	– Measures to ensure the capacity of intermediary bodies and beneficiaries to deliver the project pipeline	The National Company CNADNR SA will improve its administrative capacity (performance agreement contract for management will be signed). The National Company CFR SA is undergoing a restructuring process, in order to improve its administrative capacity (performance agreement contract for management will be signed).	30.05.2013– 30.06.2014	Ministry of Transport CNADNR SA (Roads Agency) CFR SA (Railway Agency)
10.3. <i>Health</i> : The existence of a national or regional strategic policy framework for health within the limits of Article 168 TFEU ensuring economic sustainability.	A national or regional strategic policy framework for health is in place that: – contains coordinated measures to improve access to health services; – contains measures to stimulate efficiency in the health sector through deployment of service delivery models and infrastructure; – contains a monitoring and review system. – a MS or region has adopted a framework outlining available budgetary resources on an indicative basis and a cost-effective concentration of resources on prioritised needs for health care.	The drafting of the 2014-2020 Strategy for the Health system will be carried out with the financial support of the Technical Assistance Operational Programme. As such, the project proposal has been submitted for evaluation in May 2013 and the Ministry of Health is currently developing the procurement request for the outsourcing of the services to be carried out under the Technical Assistance project. According to the assumed deadlines for the completion of the Strategy which represents the only ex-ante conditionality of the Ministry of Health is December 31, 2013.	Deadline for completion of the strategy: 31 December 2013	The Ministry of Health
COHESION POLICY GENERAL EX-ANTE CONDITIONALITIES				
Environmental legislation relating to Environmental Impact Assessment (EIA) and, Strategic Environmental Assessment (SEA)	– Arrangements to ensure sufficient administrative capacity.	Drafting a Plan of measures for ensuring an adequate administrative capacity, based on JASPERS recommendations and MECC experience	March 2014	Ministry of Environment and Climate Changes
FISHERIES SPECIFIC EX ANTE CONDITIONALITIES				

Applicable general ex-ante conditionalities for which national bodies are responsible	Criteria not fulfilled	Action to be taken	Deadline (date)	Bodies responsible for fulfillment
1. The establishment of a multiannual national strategic plan on aquaculture as referred in Article 43 of the [Regulation on the Common Fisheries Policy] by 2014	<ul style="list-style-type: none"> – A multiannual national strategic plan on aquaculture is transmitted to the Commission at the latest by the day of transmission of the OP – The OP includes information on the complementarities with the multiannual national strategic plan on aquaculture 	<p>Developing aquaculture multiannual national strategic plan which targets the following actions:</p> <ul style="list-style-type: none"> – a socio-economic analysis of the sector - it was developed in consultation with the main public and private partners within the working group for fisheries and aquaculture; – multiannual national strategic plan for aquaculture shall be developed under a technical assistance project which shall be financed by the current European Fisheries Fund . 	IV quarter-2013	Ministry of Environment and Climate Changes – ANPA (Fisheries Agency) in collaboration with Ministry of Agriculture and Rural Development (Managing Authority for Fisheries Operational Program)
2. Administrative capacity: administrative capacity is available to comply with the data requirements for fisheries management set out in Article 37 of the [Regulation on the CFP]	<ul style="list-style-type: none"> – A description of the administrative capacity to prepare and apply a multi-annual programme for data collection, to be reviewed by STECF and accepted by the Commission – A description of the administrative capacity to prepare and implement an annual work plan for data collection, to be reviewed by STECF and accepted by the Commission – A description of the capacity in human resources allocation to undertake bilateral or multilateral agreements with other MS if work to implement the data collection obligations is shared 	<p>Administrative capacity necessary to meet the data requirements for fisheries management the following steps are involved:</p> <ul style="list-style-type: none"> – legislative proposals necessary for the fulfilment of these measures are under elaboration; they are designed to supplement staffing and administrative measures necessary to promote better governance institution responsible for implementing the strategy for fisheries and aquaculture sector. 	IV quarter-2014	Ministry of Environment and Climate Changes – ANPA (Fisheries Agency)
3. Administrative capacity: administrative capacity is available to comply with the implementation of a Union control inspection and enforcement system as stipulated in Article 46 of the [Regulation on the CFP] and further specified in Council Regulation (EC) No 1224/2009.	<p>The specific actions include:</p> <ul style="list-style-type: none"> - A description of the administrative capacity to prepare and implement the <u>section of the OP pertaining to</u> 2014-2020 national control <u>financing</u> program as referred to in Article 1920(l) (n) - A description of the administrative capacity to prepare and implement 	<p>To implement the control system provided for in Council Regulation (EC) no. 1224/2009 of the Council are concerned the following measures:</p> <ul style="list-style-type: none"> – Currently under construction is the analysis of the legal and administrative framework and the potential compatibility of national legislation with European provisions and the need to improve the control, inspection and enforcement of the Union. Based on this analysis, legislation proposals shall be made in 	II quarter – 2015	<p>Ministry of Environment and Climate Changes – ANPA (Fisheries Agency)</p> <p>Ministry of Internal Affairs</p>

Applicable general ex-ante conditionalities for which national bodies are responsible	Criteria not fulfilled	Action to be taken	Deadline (date)	Bodies responsible for fulfillment
	<p>the national control action programme for multiannual plans (Art 46 Control Regulation)</p> <ul style="list-style-type: none"> - A description of the administrative capacity to prepare and implement a common control program that may be developed with other MSs (art 94 CR) - A description of the administrative capacity to prepare and implement the Specific Control and Inspection Programmes (art 95 CR). - A description of the administrative capacity to apply a system of effective, proportionate and dissuasive sanctions for serious infringements (art 90 CR) <p>A description of the administrative capacity to apply the point system for serious infringements (art 92 CR)</p>	<p>order to promote legislative initiatives required. It shall be also identified the need to increase the staff with fisheries inspectors (which will be specialized either through projects financed under the EMFF , or by taking courses organised by the specialized agency of the EU);</p> <ul style="list-style-type: none"> – five large vessels for inspection at the sea at sea, two rigid hull inflatable boats and four cars performing inspection at the Black Sea around 245 km on the Romanian seaside, were purchased; – Was completed the tender for the purchase of technical equipment necessary for creating pilot system ERS in the 14 landing sites appointed for landing catches of turbot, was completed; this project is financed under the inspection and control Program, consisting of: digital scales connected to a computer and a printer connected to server; it will be agreed with the specialized EC service, the training program needed for the person who will prepare the reports; – Cooperation Protocols were signed with Romanian Police, Border Police and Gendarmerie to carry out joint actions to prevent, reduce and combat illegal fishing in the Black Sea, especially for turbot; – NAFA through its Maritime Directorate shall carry out joint inspection and control at Black Sea with NAFA Bulgaria for commercial fisheries, landings and marketing of turbot based on a timetable mutually agreed under the guidance of the European Fisheries Control Agency (EFCA); 		

(iii) Additional information relevant to the assessment of the fulfillment of applicable ex-ante conditionalities and the actions to be taken to fulfill them.

Position of the Commission Services on the development of Partnership Agreement and programmes in Romania for the period 2014-2020 reveals some additional ex-ante conditionalities considered critical for the successful implementation of the funding priorities. The Romanian authorities acquired actions in order to fulfill the pre-conditions for successful spending in each of these areas before the start of the next programming period. The situation is presented in the next table.

Tabel no. 10 – Summary of Additional information relevant to the assessment of the fulfillment of applicable ex-ante conditionalities

Applicable Ex-ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
Fostering knowledge transfer and innovation in agriculture, forestry and rural areas – The ability of consulting		<ul style="list-style-type: none"> – Develop a document on the structure of consultation systems at relevant geographical areas (national/regional) and their expected role in the rural development priorities; – Analysis and modification of legal and administrative framework on the consultation systems in order to provide optimal conditions for consultancy services; – Improving the consultants professional training as required by regulations CAP. 	Partially		Currently FAS still works on the old structure. Changing and improving the legislative framework (Law 283/2010 with subsequent amendments and completions) for developing a structure improved has not been approved yet.
The strategy for agricultural development in the medium and long term 2020-2030		<ul style="list-style-type: none"> – Establishment the working group for edit the strategy draft; – Develop the strategy draft for agricultural develop. 	Partially	Ministry order no 138/22.03.2013	Strategy draft: MADR is developing the Strategy with the technical assistance of the World Bank - there were a lot of discussions and meetings in order to establish the vision/mission/main directions of development/priority objectives. In June there will be consultations and discussions with stakeholders.

