

**Consultative document in order to develop
The Partnership Agreement for Romania 2014-2020**

31 May 2013

(This document is based on technical development up to 31 May 2013 and has taken into account the version 3 of the draft template produced by the EC in May 2013)

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List of abbreviations

APIA	Agency for Payments and Intervention in Agriculture
CAP	Common Agricultural Policy
CF	Cohesion Fund
CSF	Common Strategic Framework
DIPFI	Department of Infrastructure Projects and Foreign Investments
EC	European Commission
EARDF	European Agricultural and Regional Development Fund
ERDF	European Regional Development Fund
ESF	European Social Fund
ESIF	European Structural and Investment Funds
ETC	European Territorial Cooperation
EU 27	EU of the 27 Member States
EU 2020	Europa 2020 Strategy
GDP	Gross Domestic Product
GVA	Gross Value Added
IB	Intermediate Body
ICT	Information and Communication Technologies
ITI	Integrated Territorial Interventions
LAN	Local Area Network
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
NRP	National Reform Programme
NSI	National Statistical Institute
OP	Operational Programme
PA	Partnership Agreement
PARDF	Payments Agency for Rural Development and Fisheries
RDA	Regional Development Agencies
RDI	Research, Development and Innovation
RES	Renewable Energy Sources
SCF	Structural and Cohesion Funds
SEA	Strategic Environmental Assessment
SME	Small and Medium Enterprises
SMIS	Single Management Information System
TEN-T	Trans-European Transport Network
TO	Thematic Objectives

INTRODUCTION

This document is the Partnership Agreement between Romania and the EC covering the use of ESIF in the period 2014-2020. In the forthcoming financial perspective, Romania will invest €39.34bn allocated from ESIF plus national co-financing in line with the Thematic Objectives of the EU2020 and Romania's national priorities. The Partnership Agreement sets out how these investments will be concentrated to promote competitiveness, convergence and cooperation and encourage smart, sustainable and inclusive growth, by setting national specific investment priorities.

Taking into consideration that the ESIF will be one of the most important instruments to tackle the main development challenges for Romania as identified in its EU/IMF lending programme and its EU 2020 commitments, the Partnership Agreement explains how will be optimised the use of ESIF in order to achieve the value added of public expenditure through integration of the principles of partnership, equality between women and men, social inclusion and sustainable development. The Partnership Agreement will build upon the positive progress made in Romania with EU support since 2007. In its proposals for co-ordination, spatial and thematic integration it takes into account the learning from the current period in order to ensure continuing improvement in the efficiency and effectiveness of implementation, while reducing the burden of administration upon beneficiaries.

The Partnership Agreement is elaborated in a manner that provides a flexible framework for Romania to react and refocus European, national and local resources on creating growth and employment and to maximise the results to be obtained. Through this programming document Romania envisage exploiting to the maximum potential synergies between the ESIF and with other sources of EU funding in a strategic and integrated approach. The Partnership Agreement reflects collaborative working between National and Local Government, Sectoral and Social partners since Summer of 2012. It takes account of broadly-based stakeholder and public consultation.

SECTION 1A

1. ALIGNMENT WITH THE UNION STRATEGY OF SMART, SUSTAINABLE AND INCLUSIVE GROWTH AS WELL AS THE FUND SPECIFIC MISSION

1.1 Analysis of disparities, development needs and growth potential

1.1.1 Analysis of disparities and identification of main development needs

The relevant country specific recommendations (CSRs)

The Romanian economy expanded by 0.7 % in 2012 and the EC forecasts a modest recovery for 2013, with growth picking up to around 1.6 %, driven primarily by domestic demand and investment.

The labour market recovered somewhat in 2012 but challenges remain, in particular regarding high youth unemployment. Unemployment fell from 7.4 % in 2011 to 7 % in 2012 but youth unemployment, currently at around 23%, is expected to remain high.

Romania is currently completing the implementation of the second economic adjustment programme with the EU and the IMF. The programme should be formally completed after a final review in the summer 2013.

Romania also faces a number of further, medium-term challenges in the bid to secure smart, sustainable and inclusive growth. At 46 % of the EU average, Romania's GDP per capita is one of the most telling indicators of the country's developmental gap. Particular challenges include the need to increase labour market participation, improve overall competitiveness and reform the public administration. EU funds can provide an important source of public investment to support Romania in addressing these challenges

The Commission has issued in 2013 eight country specific recommendations (CSRs) to Romania to help it improve its economic performance and those will be done at the highest level by national leaders in the European Council. These are in the areas of:

- **implementation of the precautionary programme**

Romania negotiated with the EC and the IMF a precautionary economic adjustment programme in 2011. In March 2013 Romania formally requested a three-month extension and therefore the final programme review will take place by the end of June 2013.

- **sustainable public finances and taxation system**

Although the fiscal position has been improving in Romania low tax compliance represents a major challenge and the sustainability and adequacy of the pension system is at medium risk in the long-term. Therefore, Romania should improve tax collection, equalise the pensionable age for men and women and underpin the pension reform by promoting the employability of older workers.

- **health sector reform**

There are major inequalities in the Romanian health sector mainly due to the inefficient use of resources and poor management. Romania should put more efforts into increase the cost-effectiveness of the system by reducing the excessive use of hospital in-patient care and by strengthening primary care and referral systems.

- **labour market, youth unemployment and poverty**

Romania had a low employment rate in 2012 and the youth employment rate was among the lowest in the EU. Romania should enhance the quality of active labour market policies and implement without delay the National Plan for Youth Employment. The level of the population at risk of poverty and social exclusion is also very high and children are particularly affected. Romania should adopt the remaining legislation without delay and ensure the link with activation measures.

- **education reform**

Romania faces a major challenge in raising the quality of its education and training system. Early school leaving is a significant challenge. Romania should implement its reforms whilst building up its administrative capacity. Tertiary education should be aligned with the needs of the labour market and improve access for disadvantaged people.

- **better public administration**

Poor administrative capacity is a core concern for Romania which contributes to the low absorption of EU funds. The governance and quality of public administration should therefore be strengthened.

- **business environment**

Major challenges for Romania are a weak business environment and low support for research and development. The Romanian authorities should ensure a coherent e-government and undertake efforts to ease access to finance and to reduce the administrative burden on SMEs. Romania should also improve the efficiency and independence of the judiciary system and the effectiveness of policies to prevent and combat corrupt practices, notably in the area of public procurement.

- **energy and transport**

Romania has a low degree of competition and efficiency in the energy and transport industries. It should ensure the liberalisation of gas and electricity prices strengthen the governance of state-owned enterprises and regulators and complete cross-border connections. The take-up of broadband in Romania is the lowest in the EU and should be more widely rolled out, while in transport a comprehensive long-term plan is needed.

Distance to the national Europe 2020 targets

Romanian targets 2020 is presented in the table below:

Table no. 1 - The national Europe 2020 targets¹

	Employment rate (%)	RDI (% of GDP)	Emissions reduction targets (compared to 2005) (%)	Renewable energy (%)	Energy efficiency – reduction (%)	Early school leaving in (%)	Tertiary education in (%)	Reduction of population at risk of poverty or social exclusion (number of persons)
EU target	75	3	20 (compared to 1990 levels)	20	20 (increase in energy efficiency equalling 368 Mtoe)	10	40	20,000,000
RO target	70	2	19	24	19 ²	11.3	26.7	580,000 ³
RO current situation	63.8 (2012)	0.48 (2011)	51.84 (2011 compared to 1990 levels)	20.79 (2012)	16.6 (2012)	17.4 (2012)	21.8 (2012)	240,000 (2011 compared to 2008 levels)

Employment

In 2012, according to NSI data, the employment rate (age group 20-64) was of 63.8%, increasing by 1 pp as compared to the previous year. The employment rate (age group 20-64) was 6.2 pp below the national target.

According to NSI data, in 2012, the youth employment rate (age group 15-24) reached 23.9%.

Research, development and innovation

In 2011, the gross expenditure on RDI reached 0.48% of GDP (0.31% of GDP – public sources and 0.17% of GDP – private sources).

Based on the preliminary budget execution, MNE estimated the level of public investment in RDI at 0.26% of GDP for 2012.

¹ The Commission presentation on country by country overview.

² When establishing the 2020 national target for energy efficiency, the estimate for 2020 primary energy consumption (achieved according to PRIMES 2007 model) was taken into consideration.

³ The indicator represents the relative poverty rate or the number of people at risk of poverty after social transfers.

Climate changes

The total of greenhouse gas emissions (excluding LULUCF⁴) decreased by 51.84% between 1990 and 2011, a better value than the minimum reduction of greenhouse gas emissions established for Romania for 2020.

Renewable energy sources

Based on the data published by NSI, a value of 20.79% was estimated for the share of energy from renewable sources in the gross final energy consumption, in 2012. This value is practically the same with that registered in 2011 (20.82%).

Energy efficiency

For 2012, a reduction of 7.3 Mtoe (16.6%) in the primary energy consumption - as compared to PRIMES 2007 projection – was estimated by ME.

Early school leaving

Early School Leaving rate increased in Romania from 16.6% in 2009 to 18.4% in 2010; it decreased by 1 p.p. down to 17.5% in 2011, and 17.4% in 2012.

Increasing the share of population aged 30-34 with tertiary education level or equivalent

The share of population aged 30-34 years with tertiary education level recorded in the past years, a substantial increase, ranging from 16% in 2008 to 20.4% in 2011 and reaching 21.8% in 2012. It is noticeable that Romania has already surpassed the intermediary target of 21.3% proposed initially for the year 2014.

Reduction of poverty

The data published by Eurostat indicated 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.

Therefore, for the year 2011, the reduction of the number of people living in poverty is of 240,000 persons as compared to the year 2008.

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

⁴ Land-Use, Land-Use Change and Forestry

The analysis of disparities, development needs, and growth potentials with reference to the thematic objectives and the territorial challenges is presented below:

Thematic objective no. 1 - Strengthening research, technological development and innovation

Key Issues from Analysis

Science, technology and innovation are transforming vectors for businesses, which facilitate enhancement of the added-value in products and services, supporting higher returns to businesses and skills, achievement of competitiveness in an increased global market, and approach big challenges to society.

The EU 2020 aims to foster smart growth by supporting sustained investment in innovation. In 2011, Romania invested only 0.48% of GDP in RD; a step change in behaviour is needed to achieve the target of 2% of GDP by 2020.

Business (36%) and Government (41%) expenditures and employment in RD are highly concentrated in Bucharest Ilfov Region. Only RD expenditure and employment in higher education institutions (22%) are more dispersed and these have implication for innovation contribution to regional development.

Innovation potential in business is closely linked to Romania's economic structure which is composed by large enterprises, that are only 0.4% from all companies and generate 47.3% of GVA, medium sized enterprises, that are 1.9% from all companies and generate 20.5% of GVA, small enterprises, that are 10.6% of the total and generate 17.8% of GVA, and micro enterprises, that represent 87.1% of the total and generate 14.4% of GVA.

Below micro enterprises, there is a large category of self-employed people, of 2.1 mil. persons. A small proportion of this category is represented by freelance workers in high value added services, such as ICTs, but the big majority is working in agriculture. Moreover, many Romania's enterprises have low value-added activities. Almost half of the total is in retailing or close-to-retailing activities.

Innovation orientation is linked to company size. During 2008-2010, the distribution of companies involved in innovation activities was: 56.4% for large companies, 38.7% for medium companies, and 27.5% for small companies.

The number of enterprises from Romania, their sectoral distribution, their size distribution and capacity to participate in knowledge transfer activities and their innovation orientation suggest that a very low share of the business base represents a realistic support for innovation.

The industrial sectors accounting for the highest contribution to Romania's GVA are as follows:

- automotives is a sector with high value added, comprises 500 large and medium enterprises, including manufacturing and assembly factories for Ford and Renault; involvement in their supply chains has improved the productivity

and competitiveness of Romanian companies; the sector is high export oriented;

- food and drink is a sector with medium-high value-added and has medium technology; the sector includes some large enterprises, but has also 7,000 SMEs; it is focused, primarily, on the domestic market; export orientation is modest;

- textiles and leather is a sector with low value-added and has low-medium technology but may have as scope the increasing of productivity and value-added through innovation; the sector has 4,000 SMEs and a high export orientation.

Romania has also developed high value-added services in ICT/digital sector, which is internationally competitive. Financial services are primarily focused on the domestic market.

Romania has an extensive RD public infrastructure comprising 47 national research and development institutes, the “Academia Romana” with 66 institutes and research centres, the Academy of Agricultural and Forestry Sciences with 17 institutes and research centres and a network of field research units, distributed in all Romania’s regions.

Publications and patent applications underline that Romanian institutions have strengths in the following fields: material technologies, including nano-technologies, engineering, including aeronautics and automotives, information and communications technologies, environmental science and technology, medicine/health and agriculture.

The strengths of the public RD infrastructure are in connection with sectors that have growth and export potential (e.g. automotives, ICTs, food) having in view that innovation could extend the life of mature product lines and support products diversification (e.g. wood and textiles) and facing challenges as climate change adaptation and environmental issues.

While the research work in Romania is well developed, its connection with industry is limited. There is a limited participation of SMEs in the research process.

In the context of the Smart Specialisation concept, the investments will be focused on competitive sectors with growth potential. Some sectors are more competitive, as automotives, ICT products and services, food and drink processing and others have a medium level of competitiveness, as textiles/leather, wood/furniture, energy/environmental management.

Broad Priorities for the use of ESIF 2014-2020:

- supporting collaborative research and transfer of knowledge among research and development institutions, higher education centres, and enterprises/business units in competitive sectors, and in agriculture, based on Smart Specialisation concept will be among the main priorities for 2014-2020 period;

- the investments in R&D that will be done by SMEs and the encouragement of innovative start-ups through the provision of financial instruments, in order to overcome market failure, will be important tasks for 2014-2020 period;
- other priorities will be focused on developing technology support infrastructure in public and private sectors, based on Smart Specialisation concept, in all Romania's regions, stressing less developed ones;
- the developing human resources capital in public and higher education institutions, based on R&D and supporting higher level skills development within SMEs will be additional priorities for 2014-2020 period.

Thematic Objective no. 2 - Enhancing access to, and use and quality of, Information and Communication Technologies

Key Issues from Analysis

In 2012, Romania ranked 67 of 142 countries in The Network Readiness Index (index that measures the tendency of countries to exploit the opportunities offered by ICT and takes into account the online services, the telecommunication infrastructure and the human capital index), with a slight decrease compared to 2009 when it ranked 55 of 133 countries. Romania is assessed as having relatively good infrastructure but it is still hold back by the market and regulatory environment.

Despite progress in recent years, Romania is still faces significant inequalities between urban and rural areas in terms of digital literacy and access to modern information technology.

The market evolution in Romania is distinctive and has responded to the country's dispersed pattern of settlement and residence. Mobile communications networks have overtaken fixed telephony where infrastructure investment is expensive in sparsely populated areas and slow to develop.

The development of broadband networks has been achieved mainly in urban areas, where 60% of households have access to fixed connection, compared to 23% in rural areas. There are significant disparities at the local level and analysis undertaken by ANCOM on behalf of MIS clearly demonstrates market failure in the so-called "white areas". However, the development of mobile broadband technologies has the potential to rapidly increase broadband coverage. Also, spreading of Romania's population over a large area compared to most European countries is leading to the conclusion that there is a need for significant investments in infrastructure.

Computer literacy is still relatively low in Romania. In less developed regions over half of the population has never used a computer and in Bucharest-Ilfov about a third of the population is in the same situation. As such, there is a greater risk of exclusion due to the lack of digital skills.

A high level of access to broadband internet connections and use existing computer literacy are prerequisites for an efficient transition to e-government and for improvements in the efficiency and effectiveness of public services that are to be achieved.

Regarding the development of basic skills competences for citizens, stimulation of digital education resources, integration of modern technologies in the education process will also be supported in the context of consistent and integrated e-education investments.

Also, modern ICT technologies will also be developed in support of cultural development, with the help of e-culture instruments, in order to valorize Romania's significant potential in the field and e-health type instruments will also be supported, complementary to the interventions in the field of health infrastructure and in support of the restructuring and reform of the health and social system.

Broad Priorities for the use of ESIF 2014-2020:

- actions to address market failure in the provision of broadband services in line with the National Broadband Strategy which aims to facilitate access to 80% of households until 2015;
- actions to increase internet use in companies to obtain the benefits of business efficiency, an increased market reach and the potential to operate effectively from distance, thereby contributing to regional development;
- actions to enhance internet use by individuals, in particular extending computer literacy in Romania's less developed regions in order to counteract the risk of a digital divide reinforcing existing regional disadvantage. As part of this, the use of ICTs as a medium in teaching and training of human resources will be enhanced, in order to increase skill levels and to help increase the quality of education in secondary schools and, thereby, to ensure availability of ICT skills to business;
- actions to support the development of e-government platform and innovative tools such as e-education or e-health which can contribute both to promote social inclusion and to support development. In this sense, ICT actions will have to consider measures both at the sectoral and the regional and national level. Interoperability of different systems must be ensured to promote efficiency and coordination within institutions and partners (including private partners) involved;
- actions to ensure a regulatory environment that balances the interests of companies and consumers. The safety and security in the operation of the systems developed to be enhanced by adopting legislative measures to combat cyber-crime and the appropriate measures in the field of consumer protection and property rights.

Thematic objective no. 3 - Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector and the fisheries and aquaculture sector

Key Issues from Analysis

Competitiveness is commonly defined as the capacity of a business, operating in the context of open markets, to increase its market share, including: the entrepreneurial quality, the quality of its goods and services and the efficiency of its production

process, its level of innovation, its access to the capital and to a professional labour market.

Given the process launched at EU level for reconsidering and boosting the role of industry for growth and jobs, Romania needs a coherent industrial policy focusing on competitiveness and innovation.

Modernizing and innovation of the industrial base is the main objective in order to reach a competitive industry in Romania.

The Romanian economy is overwhelmingly composed of SMEs that have a poor level of competitiveness being concentrated in low added value areas, with specialization in labour intensive industries. In 2011, the productivity in industry and services remains far below the EU average (60%). 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, difficulties in what regards the access to finance, excessive bureaucratization with weak governance regarding the business environment, market weak entrepreneurship, in particular in rural, mountain and fisheries areas. The location of SMEs also reveals persistent territorial imbalances, between regions and between urban and rural areas. These latter, together with mountain, fisheries and maritime areas require enhanced local development, implementing the necessary local infrastructures and tackling the current under-exploited economic potential of the respective sectors. These sectors are hindered by low profitability and hire an artificially high share of the population; new employment opportunities are needed in other sectors of the competitive economy which will soon be confronted with a demographic decline of the labour force, mainly due to aging, adjusting the skills of the labour force accordingly.

Romania's under-developed enterprise culture is manifest in the number and size distribution of its business base.

In 2011, the number of companies stood at 452,010 with an overall density per 1,000 habitants of 21.03. SMEs contribute 53% of GVA, five percentage points below the EU average. Less than half of the working population in Romania is salaried and the vast majority of these are within registered companies. There is additionally a very high level of self-employment (2.1 mil. people, 25% of all jobs) which in Romania is more associated with subsistence agriculture and a lack of alternatives rather than entrepreneurship.

Across Romania's development regions there are significant variations in business density. 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 21%). However, three regions, North East, South Muntenia and South West Oltenia have significantly lower than average business density (62%-70% of the average).

The main sectors of Romania's economy in terms of business units, contribution to GDP, employment and labour productivity (2011) are:

- agriculture, forestry and fishing account for almost 30% of employment but contributes just 7% of GDP;
- industry contributes a third of Romania's GDP and employs just over a fifth of all employees. 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. The sectors of manufacturing industry having a significant role at national level are automotive, electronics, components for aeronautics, electrical appliances, textiles and apparel, furniture. In addition, creative sectors, commercialization of Key Enabling Technologies and reuse of industrial waste have a great potential for industry;
- construction sector is larger than in most EU countries. The share of business units and GDP is fairly even at just under 9%;
- 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; the contribution to GDP is just 13%;
- higher value adding services - Information and communications, Financial and insurance Real estate, Professional and administrative services - 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;
- overall, examination of sectoral 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 activity in agriculture and retail services;
 - internationally uncompetitive levels of productivity in many areas of industry;
 - the present under-representation of higher value adding services and sectors within the economy.

In the period 2008-2011 overall employment reduced by 4.4% the extractive and energy sectors experienced 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.

Sectors experiencing employment growth in 2008-2011 were mainly in the higher value adding services group. Logistics, ICTs, financial services and business services increased. 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.

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. In 2011 Romania's less developed regions received only 38.3% of the total of €55 bn.

Although subject to a downturn in 2009, Romanian exports increased by more than 50% between 2007 and 2011 when they stood at €45bn. Automotive have contributed most to the overall increase, but food and drink, textiles / leather and chemicals have also seen significant growth.

Access to business finance remains problematic. 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. Microfinance initiatives have so far been more successful than other financial instruments.

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.

Despite progress the Romanian business environment is still confronted by excessive bureaucracy, notably in relation to fiscal management and the complexity and duration of procedures. 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.

Romania's agricultural land remains a vastly under-exploited resource. The phenomenon of structural duality of the agricultural holdings is still present and a long process is required in order to have effects in the restructuring of the agricultural holdings. As the General Agricultural Census of 2010 shows structural changes in Romania are still marginal, the average utilized agriculture area is about 3.45 ha.

There is clear scope for much greater structural changes and development, integration with the European food system, resulting in growth in farming, related food processing and agricultural 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. While agricultural transformation should be seen as a significant opportunity, the solution to Romania's regional development needs to be broadly based. 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 is inefficient and supports a large population that otherwise would-be destitute, but this reality should not be encouraged in order to achieve agricultural competitiveness, thus broadly approach should be envisaged.

Although the fisheries and aquaculture sector has a small contribution to GDP, it is important through its contribution to ensuring food safety. Exploiting the potential of this sector and improving the social capital represent the main ways for increasing the competitiveness.

With its rapid evolution in the past decade, Bucharest-Ilfov has become a mainstream functioning market economy with a mix of manufacturing and service employment. GDP per capita exceeds the EU average, although inequalities in wealth and life chances remain pronounced. The greater challenge for Romania's development lies in the other seven development regions and their possibility for transformation in the medium-longer term.

Research specifically examining the innovation and growth potential of the business base, its regional distribution and its alignment with capacity in the Romanian public innovation system draws essentially similar conclusions to this paper and its companion piece concerning competitiveness. On a national level, the opportunities for focusing the majority of innovation resources with a view to achieving the greatest effect, as part of a smart specialization strategy, would appear to be as prime opportunities: automotive, ICT products and services, food and drink processing. The secondary opportunities are textiles/leather, wood/furniture, energy/environmental management.

Broad Priorities for the use of ESIF 2014-2020:

Against this background, 2014-2020 priorities will include:

- actions to enhance enterprise culture and to raise awareness of the option and potential support in starting business;
- actions to improve access to finance, including through the provision of an appropriate range of financial instruments;
- actions to improve the productivity of SMEs and to provide to growth opportunities, including enhancing access to business planning support, to technical consultancy, to exporting advice and support;
- 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 and into its rural areas;
- actions to rationalise regulation and to reduce the burden of bureaucracy and improve the business environment through better regulation and state aid measures (according to existing regulations), aiming to reduce the red tape

impact on companies, enhance transparency of decision taking and public consultation.

Where Agriculture and Fisheries enterprises are concerned, particular priorities in 2014-2020 will include:

- actions to encourage new-entrants to the agriculture and fisheries sectors;
- action to facilitate restructuring of farms facing major structural problems;
- actions to integrate primary producers with the Romanian domestic food market through support for improved quality, processing and marketing initiatives;
- actions to support farmers with risk management, including climate change related risks, and to make related investments;
- actions to support diversification of income through non-agricultural activities and services.

Thematic objective no. 4 - Supporting the shift towards a low-carbon economy in all sectors

Key Issues from Analysis

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%).

Despite the downward trend of recent years (which indicates a reduction in energy consumption by 36.4% between 1999 and 2010) and due to reduced industrial activity caused by the economic crisis, Romania remains an energy-intensive economy.

Under the National Reform Programme, Romania intends to achieve a 19% reduction of primary energy use, a reduction of greenhouse gas emissions by 19% compared to 1990 levels, and to achieve a rate of 24% renewables in total energy consumption.

In addition to renewable energy, which is currently produced mainly from hydropower, lignite is the only domestic primary energy resource, which can contribute significantly to foreseeable electricity consumption for the next 2-4 decades. Natural gas becomes progressively import dependent.

In order to meet the Europe 2020 target for renewable energy, Romania will have to build 50% of the identified the potential energy generation from renewable sources, which will involve substantial investment effort. However, compared with current prices of electricity, the cost of renewable sources (wind, photovoltaic, biomass) are presently higher than those for fossil fuel and nuclear energy.

Industry (including construction and energy) still holds the largest share of electricity consumption (59.3%), followed by households (22.0%).

The lines and the substations forming the national transmission system were built mostly during the years 1960-1970 taking into account the existing efficiency

standards at that moment. Maintenance of the system was carried out intensively to ensure reliability, but the system is less efficient than modern distribution equipment.

The use of district heating in urban areas to supply heat to public buildings and private apartments has been in decline since the mid-1990s when industrial restructuring has reduced co-generation opportunities.

The energy strategy for 2007-2020 identifies significant potential for energy efficiency as follows:

- Industry: 13.0%
- Households: 41.5%
- Transportation: 31.5%
- others sector: 14.0%

Major scope for efficiency lies in reduction of losses from electricity distribution networks and from heat distribution networks.

Urban mass transit systems across Romania are largely aged and some have ceased to operate in recent years, becoming reliant on less sustainable bus and minibus services.

Regarding greenhouse gasses emissions from the transport sector at EU level, the “*Transportation*” sector continues to remain the sector with the greatest impact on the greenhouse gasses emissions, with a tendency of increase by 26% between 1990 and 2007, namely 0.5% between 2005 and 2007, mainly caused by the increase of the passengers and goods transportation request, as well as the preference of using road transportation instead of other less polluting solutions of transportation.

In Romania, the most recent “*National GHG Inventory of Romania*”, elaborated in 2012, reveals that the greenhouse gasses emissions resulted from the transport sector increased with 155% comparing with 1989. Moreover, compared to 1989, the share of emissions for this area of total GHG emissions increased by about 3 times. Growth in transport emissions is due to increased mobility of citizens in the period 1990 - 2008, urban expansion, transfer of passenger and freight mainly to road transport, etc.

Thus, an important role plays the investments in road transport in reducing greenhouse gas emissions resulted from the transport sector. As a consequence for the field of road transport is necessary to modernize and develop the infrastructure, including bypasses and the introduction of intelligent transport, all contributing to reducing emissions of greenhouse gases.

Broad Priorities for the use of ESIF 2014-2020:

Against this background, priorities in the 2014-2020 period will include:

- provision of advice and, where justified, support for investment in green energy supply and energy efficiency measures, with a particular emphasis on energy intensive industries, and in agriculture;

- support for resources efficiency and reduction in greenhouse gas emissions in business and in agriculture;
- in the context of investment in replacement large scale generation capacity, promotion of renewable energy generation options allied to smart grid development;
- promotion and, where appropriate, incentivising investment in distributed generation systems in industry and in agriculture, particularly in Romania's less developed regions;
- the extension of thermal insulation schemes as part of refurbishment of residential buildings, pre-1990 apartment buildings in particular;
- modernisation of district heating networks and other co-generation of heat and power in order to meet the actual needs of heat and hot water. Such investments should be made on an integrated (both on the consumer side and on the heat supply), in close coordination with the thermal rehabilitation buildings, including individual metering of energy consumption;
- the adoption of smart building technologies and high thermal standards in the specification on new and the refurbishment of existing public buildings;
- the modernisation and development of mass transit systems, including by passes. This is expected to be a feature of integrated sustainable urban development proposals from several cities in 2014-2020 and, in these locations, will make significant contribution to air quality and energy efficiency in addition to place competitiveness;
- the adoption of solid state and other low-energy lighting systems in the public realm, particularly in urban areas.

Thematic objective no. 5 - Promoting climate change adaptation, risk prevention and management

Key issues from analysis

Over the last 10 years, various types of disasters, including recurrent floods, 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.

Most of the disasters are caused by climate changes, Romania being at considerable risk from this point of view. In this respect, one of the consequences of climate changes is that some regions were affected by the massive rain falls and other regions were affected by the severe drought and the crops causing significant crops losses. The last decade harshly affected Romania, considering the damages caused by the floods and droughts.

During previous 10 years floods killed 142 people, destroyed 27.000 houses and thousands of km of national roads had been destroyed and hundreds of thousands of land hectares had been flooded. The total costs of the damages were raised at around 6 billion Euro. The most affected territories are in central, western and

northern part of the country, the following river basins registering a higher frequency of floods that led to floods being: Someș, Criș, Siret, Mureș, Tisa, Olt, Argeș, Ialomița.

Also, drought is one of the major natural processes caused by the climate changes. Frequent and prolonged drought affects particularly the soil, 7.1 mil. ha being affected, which represent 48% from the total agricultural land (14.7 mil. ha) (as of 2006). In the South, South-East and East of Romania, the complex pedological drought is a climatic hazard phenomenon inducing the worst consequences ever occurred in agriculture. Average yields of various crops in droughty years are only 35-60% of the yields which could be obtained under complete provision of crop water requirements by irrigation. The excessively droughty agricultural years 2011-2012 strongly impacted about 5.9 million hectares, the level of losses varying over different area and culture. The magnitude of the losses range is from -18.6%, for wheat yields to -80.2% for rape, passing through -46.1% below the average for corn yields.

In the conditions in which the climatic scenarios estimate a decrease of the precipitation amounts, it is expected that the intensity of pedological drought phenomena increased in the most vulnerable areas already known today (fig.1). In the areas limited by the red line, the pedological drought will reach the highest intensity values (extreme/Co-300 m³/ha and severe/600-900 m³/ha). Taking into account those aspects, it is highly recommended to develop the drought risk management system and elaborate the risk maps for drought hazard, as a critical upfront substantiation of the measures aiming adaptation to the effects of climate change. These risk management related developments will build up and provide readiness towards inter alia, a comprehensive domestic policy aiming to restore the irrigation system in Romania and moreover preserve key “clean” drivers for Romania’s national energy system (whereby about 55% out of the electricity produced comes from hydro and nuclear).

At the same time, due to water scarcity in certain regions of Romania, complementary measures like hydro technical accumulation investments are needed in order to finalize 7 water reservoirs which will provide water source in drought period.

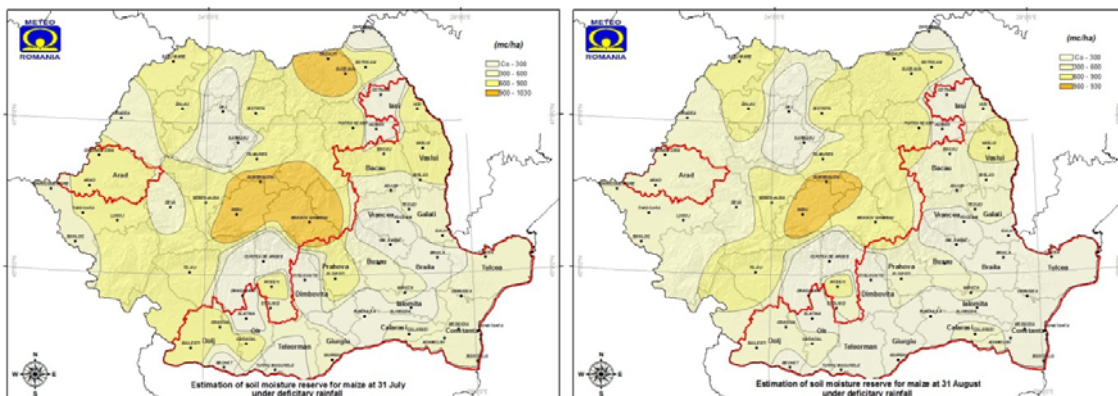


Fig. 1 - Estimations of the zonal distribution of soil moisture reserve in Romania in the context of predictable climate change

Also, climate change is the most important factor that determines vulnerability of Romania's coastal zones. In the past several decades, the Romanian Black Sea shore has been suffering from serious beach erosion problems with the rate of up to 2.0 m per year, in the last 35 years the shoreline being retreated inland between 180 to 300 meters and 80 ha/year of the beach has been lost. The studies reveal that without countermeasures against coastal erosion, the shoreline is expected to retreat by 70 m on the average in twenty years. At the same time, 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 with the rate of about 0.6 m per year in the place where no protective measures have been implemented. Taking into consideration all those aspects, a Master Plan Coastal Protection and Restoration was elaborated and, in 2011, the SEA was developed. Plan aims to rebuild coastal coastline, specifically the restoration and improvement of the environment, developing a program of rehabilitation and protection works and prevent coastal erosion, protection of economic infrastructure and social objectives damage to marine erosion. Under SOP Environment 2007-2013 a major project "Protection and Rehabilitation of the Southern Black Sea Coast in the Constanta Municipality Area and Eforie North Area" was approved addressing five of the areas most exposed to accelerated erosion along a 7.3 km stretch of the coast. It is necessary to continue investments in the field in order to mitigate the effects of coastal erosion and the socio-economic growth of the coastal zone.

Under normal circumstances, Romania is not a country with a high risk for forest fires. This is supported by tracking the statistics of such events, to which it is necessary to specify that the action of the anthropic factor in addition to favorable climate conditions can trigger an increase of the number of forest fires. Thus, in the last period, the number of forest fires and the area affected had fluctuating values, so, within a period of 26 years, when data are available, were only recorded in the course of 5 years (2000, 2002, 2007, 2011 and 2012) annual registrations of more than 300 wildfires and over 1000 ha affected. In 2012, a historical maximum was recorded, producing a number of 911 fires in forests and in forest vegetation located on lands outside the national forest fund, with a total area of 6,624.5 ha, of which, 882 forest fires in on a surface of 6,299.1 ha and other land 29 fires over an area of 325.4 hectares.

In addition to above described impacts, climate change poses risks to human health, food security and energy security, the latter reflecting Romania's dependence on water levels hydroelectricity and cooling in nuclear power generation.

Broad Priorities for the use of ESIF 2014-2020:

In response to vulnerability to risks, Romania has to invest in the measures with positive impact on risks management and adaptation to climate change in order to accomplish:

- increasing the resilience of infrastructure and services;
- combat the drought through non-structural measures to mitigate the effects of climate change and through restoring the irrigation systems and investments in hydro technical accumulation;
- strengthen national disaster management system to all risks.

Thematic objective no. 6 - Protecting the environment and promoting resource efficiency

Key issues from analysis

The extension and modernization of the water and wastewater infrastructure continue to be one of the most important priorities in implementation of Environmental Acquis. Even if Romania obtained transition period through the Accession Treaty, the most important difficulties regards the implementation of the Drinking Water Directive (DWD) and Urban Waste Water Treatment Directive (UWWTD). The costs of implementation are very high, at the accession time (2005) being estimated at Euro 15.1 bn for both Directives (Euro 9.5 bn for UWWTD implementation and Euro 5.6 bn for DWD).

Regarding the quality of drinking water, the main obligation from provisions of the DWD is to ensure the quality of drinking water from centralized systems. By contrary, the drinking water provided by small systems in rural areas is insufficiently monitored and individual water sources are sporadically monitored, at the request of consumers. The outdated and insufficient laboratory equipment for monitoring the drinking water quality at the level of the regional and county level public health institutions is the main impediment to the analysis of all necessary parameters of drinking water.

As regards the UWWTD, the conformation to the provisions of this Directive is gradual and monitored through minimum levels for collection (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 collection and treatment level for biodegradable generated loads in agglomerations. In Romania, in 2012 the degree of connection to the sewage system was 58.95% and treatment 48.32% (in population equivalent terms - PE). The provisions of the UWWTD are focused on the urban waste water coming from the agglomerations with more than 2000 PE. Also, taking into consideration that Romania declared its entire territory as sensitive area (2005) it is therefore compulsory the agglomerations with more than 10,000 PE to provide urban wastewater treatment infrastructure, enabling advanced treatment (tertiary treatment), and especially regarding nutrients removal (nitrogen and phosphorus) by 2015. The obligation to achieve the advanced treatment implies additional financial efforts, considering that the current functioning wastewater treatment plants provide secondary treatment only, while the plants providing tertiary treatment are under construction being financed through the current SOP Environment. Financing WWTP continue to be need in order to ensure the appropriate number of such plants for agglomerations with over 10,000 PE. Despite of the improvements during the last

years (in particular at the level of the regional operators), this remains a significant problem.

During the 2007-2013 programming period, 43 projects, with a total value of 5.6 billion Euro, have been contracted in the water sector under SOP Environment. Other investments have been supported through other programmes and funds (EAFRD or national budget).

According to the provisions of the Article 13 of the Water Framework Directive, in Romania the River Basin Management Plans were elaborated and approved. These Plans established and assessed the costs for basic and additional measures related to significant pressures at around Euro 21 bn. The majority of these measures are related with the drinking water quality and wastewater collection and treatment.

Concerning waste management, the analysis focuses upon the inequality gaps which exist between Romania and the rest of MS as regard the waste management performance. Mainly, they can be summarized as:

- collection coverage of urban and rural areas: Approximately 70% of the population has access to municipal waste collection service [Eurostat 2010]; the projects under preparation for getting financed under the SOP Environment 2007 – 2013 are going to increase the percentage to 100%;
- organisational aspects (involvement of private/public operators) - the responsibility to collect separately the waste is to the public local authorities, which based on contract may delegate the service to private companies (sanitation companies). Until recently, there was mainly commingled waste collection with limited separated collection (by 2010, 698 localities implemented the selective waste collection system). Through the Romanian Regulation GD 247/2011 on packaging and packaging waste management a selective collection in three fractions is required. However, there is a need to extend significantly the separate collection coverage at the level of all counties to reach requirements and targets of the framework Directive 2008/98/EC on waste (WFD);
- incinerators with energy recovery - currently, there is no municipal waste incinerator operating in Romania;
- landfilling - Romania has transition period until 16th of July 2017 to gradually cease the activity of 101 non-compliant landfills. Thus, step by step this action should be accompanied by construction of new compliant landfills as a part of the Integrated Waste Management System.

As a MS of the EU, Romania has obligations referring to the establishment and strengthening of Natura 2000 network on the Romanian territory. In Romania, 383 areas have been declared sites of community importance (SCI) and 148 special protected areas (SPA). According to the provisions of EU regulations (Directive 79/409/CEE on the conservation of wild birds and Directive 92/43/CEE on the conservation of natural habitats and of wild fauna and flora) in the Romanian marine area the national legislation set up 9 Natura 2000 sites. Out of 978 national

protected areas and 531 Natura 2000 sites, up to the end of 2011 approximately 50% of the total protected natural areas in Romania were taken in a form of management, administration or custody. By the end of 2012, a number of 5 management plans have been approved (3 for national and natural parks and 2 for Natura 2000 sites), out of the total of 272 plans drafted or to be drafted through SOP ENV. This delay in approving the management plans revealed a problem related to the administrative capacity of the environment authority. In order to preserve the bio-diversity, further measures need to increase the administrative capacity for assessing and approving the management plans and to ensure a wider promotion and understanding of the importance of biodiversity conservation. Also, in order to reversing the trend of biodiversity loss and to linking and strengthening diverse ecosystems in urban and rural areas, it is necessary to promote a green infrastructure, such as green bridges and eco-ducts to re-connect natural areas that have been artificially divided, corridors and elements that connect protected areas them up to form a functioning network, restoration of degraded natural areas in order to create a new space for animals, plants and leisure activities and prevent disasters.

Regarding forest sector, one of the main problems encountered in this sector is the difficulty to access compensation funds by forest owners for the lost income due to restrictions imposed in protected areas due to the lack of management plans. In the context of climate changes, measures shall be developed to enhance the value of forest protection function by encouraging natural afforestation of grasslands and unused agricultural land that are also habitats with protected area status. Also, measures for the integrated management of mountain forests and watercourses need to be established (torrents correction, landslides mitigation, avoiding clogging of water course).

Romania aims to harmonize the biodiversity preservation within fish habitats with the community needs, supporting the fishing sector through activities with minimal environment impact and development of the related activities. With regard to fisheries activities, 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 have a sustainable environment protection). With regard to aquaculture, both the preservation of aquatic eco-systems and applying safety measures to avoid those escapes from the farms that could affect the wild species biodiversity from the natural water courses are taken into consideration.

The air quality in Romania has been permanently monitored through 142 automatic measuring stations, assigned on the entire territory, being part of the National Air Quality Monitoring Network. 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 (PM2.5) the annual average concentration in 2010 was below the limit plus the tolerance. The concentration of the heavy metals analysed in particular matters (PM10) during 2011 were below the annual limit value. Regarding the concentration of NH3 in the ambient air, exceeding of the maximum allowable daily concentration were recorded in some counties. Despite those aspects, it has to be taken into consideration that Romania has to be faced with stringent objectives of the new emissions targets and the new approach of Directive 2008/50/EC on ambient air quality and Air Quality Directive -2008/50/EC.

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; oil 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. 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.

At the same time, in order to address soil degradation and to ensure the implementation of standards related to Nitrate Directive and other relevant water and soil protection regulations and certain agri-environment measures are needed.

Currently, the National Environmental Radioactivity Surveillance Network (NERSN) operates with 37 laboratories administrated by the local environmental protection agencies, one National Reference Radioactivity Laboratory administrated by the National Environmental Protection Agency, 88 automatic gamma dose rate monitoring stations and 5 automatic water monitoring stations. Fukushima accident from 2011 proved the necessity to transmit in real-time a large number of information to the EC platform of data exchange, EURDEP, in addition to the gamma dose rate values currently reported. In order to estimate the dispersion of radioactive pollution into the atmosphere, data from gamma spectrometric analysis of atmospheric aerosols were necessary, along with meteorological data. According these requirements, new investments in NERSN are necessary to be ensured.

Broad Priorities for the use of ESIF 2014-2020:

Therefore, to support the thematic objective (6) "Protecting the environment and promoting resource efficiency" is proposed to promote the following priorities:

- extension and modernization of the water and wastewater infrastructure; measures to improve the water quality;
- developing waste management system.
- restoring and conservation biodiversity, including green infrastructure measures;
- restoration and conservation of marine and inland water biodiversity within sustainable fishing, aquaculture and data collection and control activities;
- development and improvement of the National Air Quality Assessment;

- optimization and development of the National Environmental Radioactivity Surveillance Network;
- measures for rehabilitation of polluted sites, including decontamination and reintroducing the sites into the socio-economic circuit.

Thematic objective no. 7 - Promoting sustainable transport and removing bottlenecks in key network infrastructures

Key Issues from Analysis

Romania has poor connectivity with the Western Europe, due to the poor transport infrastructure. The completion of former Corridor IV will include roads (motorways) and railways, in order to facilitate the connection between Western border and Constanta port. A special attention will be accorded to inland water transport and to the Danube.

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

The transition to a more sustainable transport is obstructed by the unreliability and poor consumer experience of Romania's rail transport. Significant investment will be required to enable rail to compete effectively with road within the inter-regional passenger and freight transport market.

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 with the European markets and to reduce the pressure of road transport that is more polluting. The investments for the development of the Danube and maritime ports and of the Black Sea Canal are also needed. Inter-modality has an important role in judicious use of transport modes.

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 can be associated to the TEN-T core networks have an important role in increasing regional mobility. The modernization and development of main international airports and regional airports are very important for improving connectivity and supporting economic development of Romania.

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. This will make a significant contribution to air quality increasing and energy efficiency in addition to place competitiveness.

Broad Priorities for the use of ESIF 2014-2020:

- the completion of TEN-T core network (former Corridor IV) will be a priority for Romania for 2014-2020 period, together with the development and modernisation of the national roads network, including by-passes and connections with TEN-T network. Also, the county and communal roads have to be developed and modernized, for improving regional mobility and development opportunities;
- 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, in order to facilitate increasing of services quality are priorities for 2014-2020 period for railway sector;
- the inland water navigation has to be developed stressing on the Danube and maritime ports and the modernization of navigation on other inland waters and canals. RO-BG common sector of the Danube and Constanta port are among the most important priorities for 2014-2020 period. A special attention will be accorded to inter-modality, in order to have balanced transport modes;
- international and regional airports that can be associated to the TEN-T core networks need to be developed and modernized, including investments in airport infrastructure and traffic safety. All these investments will lead to a better mobility and connectivity among Romanian regions and among Romania and other MSs (under the condition of the final provisions of the EU regulation 2014-2020);
- urban transport will be developed and modernized and new vehicles will be purchased, taking into account the increasing number of persons that benefit from this transport type. Bucharest metro network has to be developed for decongesting surface urban transport.

Thematic objective no. 8 - Promoting employment and supporting labour mobility

Key Issues from Analysis

As effect of the crisis, the employment rate of the population 20 to 64 years decreased by 1.6% during 2008 to 2011, reaching 62.8% in 2011, a level significantly lower compared with the average for the EU27 (68.6%), as well as with the 70% national employment target set up in the context of EU 2020.

Despite of the employment decrease, the unemployment has remained relatively low during the recession, rising from 5.8% in 2008 to 7.4% in 2011, some 2.5% below the EU average. A number of 30% of the population in the 20-64 age range is economically inactive.

Both the unemployment and inactivity rates need to be considered in the context of the structure of employment in Romania which includes a very high level of self-employment and unpaid family workers. Together, they are indicative for a gross shortage of employment opportunities.

The disparity between male and female employment is 1.5% wider in Romania than the EU average. In 2011, the male employment rate for the 20-64 age group stood at 69.9% compared with 55.7% for women.

There are also significant disparities between employment in Romania's regions with a range of than 12% between the region with the highest employment rate (Bucharest-Ilfov: 68.2% in 2011) and that with the lowest employment rate (Centre: 56.5% in 2011).

Demographic aging is a phenomenon that must be taken into account. Main 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 to the reduction of births and natural growth, so that Romania lost 12.2% of population between 2002 and 2011.

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 and a significant increase in women employment, in particular.

Taking into account that the number of jobs generated by the Romanian economy remains extremely low due to the economic slowdown in recent years, the most affected categories of people are located at the two extreme groups of the labor market, namely young people and older workers.

Significant discrepancies are registered in the employment rate among young people (aged 15-24). In 2011, the average in Romania was 11% lower than the EU average (31.1% in Romania, against 42.6% in EU 27); for young women, the gap was 13%. Moreover, in 2011, the share of young people not in employment, education, or training (NEET) was 4.5% above the EU average (17,4% in Romania, against 12,9% in EU 27), decreasing in 2012 at 16,8% (EU 27 – 13,2% in 2012) and among young women was 22.8%. Within this there are important regional disparities, with the range being 22.3% between the region with the lowest rate of NEETs (Bucharest-Ilfov: 13.2%) and that with the highest rate (Centre: 33.5%). Two other regions (South East and South Muntenia) had rates in excess of 20%.

Among older workers the employment rate decreases rapidly. In 2011, the employment rate among those aged 55-64 stood at 40%, compared with 62.8% in the 20-64 age range. There are as well, in this case regional disparities with 23.8% difference between Bucharest - Ilfov (34.5% in 2011) and North-East (56.0%).

Given the general shortfall of employment in the Romanian labour market, groups facing particular disadvantages are mostly affected. In 2011 Roma people recorded only a 36% employment rate and people with disabilities only 12.7%.

The analysis on employment rate needs to be seen in the context of the quality of employment in Romania. Just under half of the 8.3 mil. working population in the economy is salaried. Of the remaining 1.4 mil. (17%) are unpaid family workers - a category that is virtually non-existent in the more developed MSs. As well 2.1mil. (25%) are self-employed - a very high level of self-employment relative to more

developed MSs, but in Romania more associated with subsistence agriculture and a lack of alternatives rather than entrepreneurship.

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

In the context of general decrease of employment 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.

A big challenge for the Romanian economy comes from the agricultural sector. While agriculture comprised 28% of the workforce at the end of 2011, its share in total number of employees was only 2%, and 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.

Labour market experiences 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).

Despite of the low dynamics of the labour market, there is evidence that skills needs are changing as Romania moves towards a modern service-based economy. Shortages of skilled workers are identified, particularly in areas of manufacturing and agro-food with growth potential.

Broad Priorities for the use of ESIF 2014-2020:

Romania's priorities in the field of employment will be implemented in the context of wider action to stimulate regional development through investment in primary infrastructure, in the business environment, and in urban and rural regeneration. Employability actions cannot succeed in a situation where there is a gross deficit in employment opportunity.

- a multi-dimensional approach will be needed to support (re-)integration of young people not in education or employment (NEET) with education, training and employment opportunities. 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;
- a combination of targeted and mainstreaming actions will be needed to improve access to the labour market of women, Roma people, disabled people and people with low levels of education. Roma and disabled people

- face particular disadvantage and a high level of exclusion from mainstream economic and social life;
- active labour market measures will need to take into account specific regional and territorial disparities;
 - education, training and employability services will need to be aligned to the changing needs of the labour market, in particular the skill needs in those sectors which have potential for growth. Participation of employers in workforce development and life-long learning will need to be encouraged and facilitated;
 - employability actions should take account of the distinctive structure of employment in Romania, with agriculture comprising 28% of the workforce at the end of 2011 and with a share in the total number of employees of 2%, a large number of persons having the status of self-employed workers and unpaid family workers. 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 labor market requirements. In this context, promoting conversion into non-agricultural activities, diversification of rural economy, training and educating for the rural population, with emphasis on a better correlation between the labour market needs and professional skills may be appropriate tools;
 - to complement actions in the field of employability, action will be needed within the educational system to improve attainment levels among the future workforce, particularly among girls and Roma children. Moreover the educational system needs to extend life-long learning opportunities, to enable people with a low level of education to improve the knowledge and achievements. This need is relevant to all developing regions, except for the Bucharest-Ilfov.

Thematic objective no. 9 - Promoting social inclusion and combating poverty

Poverty

As a MS of the EU, Romania has focused towards 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 exclusion⁵ is a multidimensional concept embedding three components: a) income poverty, b) severe material deprivation, and c) people living in households with very low work intensity.

⁵ This index will be used to monitor progress towards and evaluate Europe 2020 Strategy. Definition of used indicators: A) At-risk-of-poverty (income poverty) – the share of people with a disposable income per adult equivalent (after social transfers) below 60% of the national median disposable income per adult equivalent; B) Severe material deprivation – the share of persons who experience at least 4 out of 9 of the following deprivation items: cannot afford to i) pay rent or utility bills, ii) keep home adequately warm, iii) face unexpected expenses, iv) eat meat, fish or a protein equivalent every second day, v) a week holiday away from home per year, vi) a car, vii) a washing machine, viii) a colour TV, or ix) a (landline or mobile) telephone; C) People living in households with very low work intensity – the share of people aged 0-59 living in households where the adults worked less than 20% of their total work potential during the past year.

The leading type of poverty in Romania is severe material deprivation which takes a toll on over 29% of the country's population (in 2011) compared to 8.1% which is the EU-27 average⁶. With regard to the relative poverty rate, the share of the population whose income is below poverty line has been quite constant between 2005 and 2010 because poverty line went up each year as the population's overall disposable income increased. Still, a slight decrease in equivalised disposable income was first reported in 2010. In 2011, the relative poverty rate reached 22.2% of the population, making Romania one of the MS with a high at-risk-of-poverty rate⁷. People living in households with very low work intensity account for 6.7% of the population (in 2011) compared to the EU-27 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.

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.

The risk of poverty affects all populations to a smaller or greater extent, and the poor are found in all groups. Nevertheless, the dominant profile of the poor is very stable. Poverty incidence (irrespective of the estimation method we use) has been constantly and disproportionately higher for the following groups: a) large households with 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 Roma.

Poverty across life cycles

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 source 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

⁶ Of all types of deprivation, economic deprivation is dominant and it has risen since 2010. Lack of financial means leads to insufficient food, precarious housing, difficulties in coping with unexpected expenses, lack of an annual holiday. Deprivation resulting from ownership of few durable goods refers mostly to lack of a car. (NIS, 2010, Social Inclusion Dimensions in Romania). European-wide comparisons highlight that Romania ranks significantly lower than all MSs, except Bulgaria, as regards enforced lack (due to insufficient money) of the following items: computer and Internet, meat- or fish-based meals at least every other day, replacing old and worn-out clothes with new ones, two good pairs of shoes (one for all seasons), and regular leisure activities (EC, 2012, Measuring material deprivation in the EU indicators for the whole population and child-specific indicators).

⁷ Estimate based on equivalised household disposable income (OECD scale), without own consumption of self-produced items. NIS estimates based on the relative method, which include own consumption of self-produced items, shows a smaller rate of nearly 17% of the population.

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)⁸. This rate has stayed relatively constant during crisis years⁹. 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 760,000¹⁰, 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.

Mono-industrial areas affected by industrial restructuring are experiencing pronounced ageing and depopulation; isolated settlements located in mountain regions 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.

Vulnerable Groups

According to the legal document 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, women, teenage mothers, rural citizens, the Roma, single-parent families, families with more than two children, people with disabilities, the jobless, incomeless

⁸ Frazer and Marlier (2010) The definition of in-work poverty is based on the concept of relative poverty measured against the income. At-risk-of-poverty households have an equivalised income (OECD scale) below 60% of the national median income. In the EU, 8.6% of working people lived below the at-risk-of-poverty threshold in 2008.

⁹ EC (2012) *Employment and Social Developments in Europe 2011*, p. 27. In 2010, in-work poverty risk was 17.3% in Romania, compared to 8.5% the EU-27 mean.

¹⁰ Eurostat population projections, accessed on October 20, 2012.

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

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 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, children abandoned in hospital facilities, 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 increased¹¹ as a consequence of impoverished population and a limited budget for family-based services.

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

¹¹MLFSP, 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).

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).

Roma people - 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) are declared Roma, sociologists consider that the real number of Roma is much higher. Early school leaving from education is a major cause of poverty among the Roma population. Roma girls face disproportionately high risks of early school leaving and early motherhood. Another problem for the Roma people is that they are not eligible for certificated vocational training courses because they have not completed compulsory education. Reduced level of education, combined with discrimination, leads to large differences in labour market outcomes 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.

People with disabilities - In 2011 there were 1.7 million people with work-limiting disabilities, who had restrictions on the labour market. Prominent among these groups are disabled women, people over 50 years and handicapped children. People with disabilities are disadvantaged in the mainstream education system and subsequently in terms of employment. The official recognition of Special Education Needs (CES) students is still a challenge. 56% of people with disabilities /confirm they have never worked. Disabled people face constrained access to health, social and employment services which are not adequate, taking into account special needs or affordability for this group of vulnerable people.

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 old persons are in the care of their family, and most caregivers are women – wives or daughters.

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, day care centres), of medical care services, and of home-based social services for immobile people.

Single parent families - 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.

Women - In Romania, attitudes to gender roles are still strongly influenced by tradition. This is reflected in labour market participation where, in 2011, the female activity rate was 15% lower than for men. Across age groups, the difference ranges from 9.1% (for young people aged 15-24 years) and 20.1% (for people between 55 and 64 years). The NEET rate of women is higher than men (15.9% men and 18.8 % women in 2011). Romanian women are considered to be subject to high levels of domestic violence and are disproportionately the victims in human trafficking.

Besides 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:

- underfunded 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 reduced involvement from local stakeholders.

The Social Economy

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

Health

The Romanian health system is chronically underfunded relative to needs. The funding of public health services in Romania is the lowest among the EU27 and about

half EU27 average. Private expenditure on health contributes about 1.2% of GDP, compared to a European average of 2.3%.

The sub-optimal health of the Romanian population is obvious in unfavourable comparative data across a wide range of health statistics:

- the level of infant mortality,
- life expectancy,
- number of deaths attributed to cardiovascular disease,
- frequency of chronic illnesses,
- rates of suicide.

Significant disparities are found between urban and rural areas. Notable is that the survival period not exceeding 69 years for men in rural areas, regardless of region.

Differences in access to public health services are often high. Population access to services is modulated by various factors, the main one being the nature and capacity distribution at regional health units, rural-urban membership, socio-economic characteristics and ethnicity. Public satisfaction with the coverage of health services diminishes with age.

Lower access to medical services in rural areas reflects the concentration of specialised infrastructure in urban areas, availability of transport, geophysical barriers, but also high poverty, low education and low information among isolated rural residents. Roma are particularly marginalized being ineligible for services if they are uninsured (except regulated), and because they are subject to various forms of 'informal exclusion' - poor functioning of the health system, prejudice, inability to pay the cost of transport to a medical facility, etc.

Given the level of funding, Romania's health infrastructure is highly depleted and in need of modernisation or renewal. Working conditions have contributed to a massive migration of health sector staff at all levels, with the result that most categories of staff involved in providing health care have declined during from 2007 to 2011. The largest decrease was among pharmacists, the numbers of which has reduced by about a quarter. Loss of doctors and nurses in the health system was substantially the same.

Broad Priorities for the use of ESIF 2014-2020:

Among the targets set by the National Reform Plan in relation to the Europe 2020 strategy for smart, sustainable and inclusive growth, Romania aims to reduce the number of persons at risk of poverty and exclusion social with 580,000 people by 2020. An integrated response will be required to achieve this target, and to improve social inclusion, housing, access to employment and social security of good quality education and health services.

With this purpose, the priorities for 2014-2020 periods in the field of social inclusion and health will follow the further directions:

- developing capacity to create a sustainable and equitable social services system, covering infrastructural development and informatics for collecting data, and improving the skills of professionals and practitioners;
- supporting the development/sustainability of social services at the community level, including the transition from institutional models to care in the community for vulnerable individuals and groups, such as children, disabled people, people with mental disorders and the elderly, including investment of community-based social services infrastructure;
- active labour market and inclusion actions directed at all vulnerable groups identified above, including people in rural areas;
- integrated specific action to address the needs of vulnerable persons, groups and communities, including Roma people, such as 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;
- action to enhance access to quality health care and treatments, including investment in hospitals and other public health infrastructure including development of care services at community level, as well;
- exploiting potential in social economy models, investing in social economy enterprises and ensuring their sustainability in order to support labour market integration of vulnerable groups, the development of local services where market models fail to deliver, thereby creating employment and social inclusion.

Thematic objective no. 10 - Investing in education, skills and lifelong learning

Key Issues from Analysis

Performance in education is critical to individuals' experience in the labour market and economic life. The majority of those who succeed in school and tertiary education enjoy productive lives, material security and good health. Those who leave school early and with poor grades are at significant risk of periods of unemployment, of poverty, particularly in old age, and reduced longevity. They are more likely to be clients of social services and support.

The best education in Romania, including that within the state system, can be of good quality and serve students very well. However, quality and facilities are inconsistent, with notable disparities between urban and rural areas. To some extent, poor outcomes are a reflection of resources; in rural areas in particular they may reflect poverty of aspiration and the relative absence of positive role models, but much depends on aspects related to access and affordability of education.

To help achieve the objectives set at European level under the Europe 2020 strategy for smart sustainable and inclusive growth, Romania has adopted the following targets:

- reducing early school leaving to a level of less than 11.3% (EU-wide target 10%);
- increasing the proportion of people aged 30-34 with tertiary level education or equivalent to at least 26.7% (EU-wide target 40%).

Analysis of educational participation and outcomes makes clear that Romania faces a stern challenge in meeting these targets.

In 2011, 17.5% of the population aged between 18 and 24 years were not in education, training or employment. The recession has been accompanied with a rise in early school leaving among males (from 16.1% in 2009 to 18.5% in 2011) while a positive trend among young women has been sustained (reducing from 17.2% in 2009 to 16.6% in 2011). There are considerable regional variations, with drop-out rates in excess of 20% in Central, South East and South Muntenia.

In 2011, 20.4% of the Romanian population aged 30-34 had tertiary education, increasing significantly from the 2007 level of 13.9%. To move towards the EU2020 will require an increase in enrolment from school and, in addition, encouragement of people presently aged between 23 and 27 to return to tertiary education. However, enrolment in higher education from high school has fallen sharply from 53.6% in 2007-2008 to 35.2% in 2011-2012.

Key to improving successful transitions between school and work or tertiary education, is improving the educational experience and performance of pupils in school. 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.

Research by 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.

While participation in pre-school education has been growing, Romania encounters difficulties with drop-out from an early age. Non-enrolment in school is normally 1.5-2% of children at age 8, rising to 5-6% at age 10, although some of the out of school children were enrolled and dropped out.

Enrolment in secondary education has increased rapidly in recent years from 66.4% in 2007 to 94.9% in 2011 and the trend was recorded across all less developed regions. The overall high school graduation rate was 79% in 2011, but there are substantial spatial variations between regions and between urban and rural areas.

Education rates in the working age population are low and reduce with age along with employment. There is a clear correlation between educational attainment and employment, unemployment and particularly with inactivity. This has clear implications for risk of poverty in old age.

A rationalisation and restructuring of educational establishments has been necessary to improve quality, but this has been accompanied with increase in the average

travel-to-school distance, particularly in rural areas. This has required systematic organisation of school transport.

Broad Priorities for the use of ESIF 2014-2020:

For improving access to, participation in and quality of education and training, priorities in education in the next period will include:

- improving access to pre-school education through actions to increase its availability, quality, flexibility and affordability. In particular, the focus on early education services (0-3 years) is a priority;
- early intervention to address non-enrolment and attendance issues in primary education, particularly in rural areas and among disadvantaged communities;
- increasing the attractiveness of primary and secondary education to secure better student engagement and reduced early-leaving through curriculum development, better integration of ICTs, improving the competences of teachers for personalized and relevant teaching and evaluation strategies;
- enhancing access to and supporting participation in tertiary education, particularly for those from rural areas and other disadvantaged backgrounds;
- improving the alignment of vocational training and tertiary education with practical labour market needs and with the specific skills and disciplines required in growing sectors;
- developing remedial interventions for NEETs to accompany employability interventions, including vocational training options;
- enhancing access to adult learning opportunities, including ICT skills, delivered in flexible formats, valorising non-formal and informal learning contexts;
- improving educational infrastructure at all levels and, in particular in rural areas, supplemented where appropriate, with planning and delivery of transport services for students;
- intensive interventions to address the needs of groups at risk of exclusion (children from social and economic disadvantaged backgrounds, Roma, disabled, older workers, etc.) through interventions tailored to their specific needs, where necessary, and by systematic integration of equal opportunities in mainstream actions. This may incorporate wrap-around support (mentoring, financial, etc.) to ensure its effectiveness.

Thematic objective no. 11 - Enhancing institutional capacity and an efficient public administration

Public administration

Key Issues from Analysis

The period since Romania's accession to the EU has seen extensive efforts to reform and modernise various aspects of public administration and the justice system. These efforts were identified by analysis of international bodies including the World Bank

and through projects supporting transfer of good practice, and being financially supported by international organizations and the EU.

In the context of Romania's public finances and the scope for improvement, reform will be a long term project.

EU legislation is almost fully transposed into Romanian law. However, this has not created full facility for its implementation in practice. Dysfunction in the interaction of administrative culture and detail with legal provisions continues to impede progress.

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

- weak connection between 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 strategic approach regarding human resources management;
- poor usage of relevant data and information as well as of modern ICT tools.

Against this background, the 2011-2013 NRP establishes strategic priorities in terms of seven major lines of action:

- implementing strategic reforms to improve government efficiency, based on functional analysis of 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.

The Government commitment to reduce the administrative burden for business environment by 25% in 2008-2013 is in line with the Better Regulation Strategy.

Romania has a highly fragmented structure of government at sub-national level (county and municipality level). There are significant variations in capacity between the local government units and this has affected their ability to absorb support for administrative improvement, to mobilise resources and to attract investment. Fragmentation, including along political lines, has impeded cooperation in situations where collaboration between local authorities is needed to develop initiatives and public services on an 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.

Romania's public services to citizens 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 variability in the quality and accessibility of services to which citizens have entitlement. Variation is particularly evident between urban and rural areas, but there is also some variation in provision across the less developed regions.

Although various laws, including that relating to freedom of information have sought to enhance its transparency and integrity, 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.

Compared with other MS, Romania has struggled to absorb the EU Structural and Cohesion support in 2007-2013. By February 2013, the absorption rate stood at 13%. 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.

A special attention will 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 the concentration of the EAFRD and EMFF under the same umbrella with Structural Instruments, ensuring an efficient coordination of the funds will be of the utmost importance, as to create efficient systems to correlate the interventions and avoid overlapping, as well as to create synergies and complementarities.

Administrative capacity of the public sector in the ICT field

In order to benefit from the advantages of the information society, in the context of both personal life and in the economic activity, it is essential to have a good access to modern ITC technologies and services. The main investment priorities in the sector are defined through the National Strategy on Digital Agenda.

The implementation of the Digital Agenda for Romania Strategy will have a significant impact on the institutional structures of the public administration. Having

as main objective the creation of the European digital single market, the Digital Agenda will demonstrate both horizontal and sectoral effects which will directly target a wide range of stakeholders from the public and private sectors. The implications of the Digital Agenda will have a reforming nature and will involve an extensive process of governmental transformation. The modernisation of the administrative capacity through an optimisation of the institutional processes will lead to the transformation of the Ministry for Information Society. This type of implementation entails a central and efficient coordination of efforts, with the aim of ensuring a full cooperation of all stakeholders (ministries, institutions, agencies, private sector representatives, etc.).

The plan will contribute to strengthening the administrative capacity at the level of the most important central and regional actors, in terms of developing the planning, monitoring and management capacity, as well as developing a coherent legislative framework for implementation are top priorities in order to ensure effectiveness of all interventions planned. There is a need for coordination between public bodies and for ensuring complementarities of interventions that might weaken implementation.

The lines of actions foreseen include: transformation of public sector functioning supported by e-government and open government practices and concepts; providing safe and reliable internet access to all (through both physical investments and "soft" interventions aiming at fighting criminality and at reducing barriers to access).

Investment will be directed with priority towards improving e-governance, by ensuring the inter-operability of the IT systems of the public institutions, as well as improving cloud computing and social media. Government-owned data will be made available through open databases, supporting the transformation of public services and the improvements in institutional capacity through Open Government concepts and practices. Such features will be provided at the level of all public institutions, aiming at improving online collaborative and electronic systems. This will improve efficiency at the level of the entire public administration, as well as improve communication with the citizens and economic and social actors.

Broad Priorities for the use of ESIF 2014-2020:

- strengthening capacity and improving stability in the corps of personnel involved in managing ESIF at national and at beneficiary level;
- improvements to management information, and more effective dissemination of information and guidance;
- increasing the institutional capacity and the efficiency of public administration and the quality of public services;
- Improving the institutional capacity of central and local public administration authorities;
- reforming of public policy, better regulation and governance, transparency and accessibility in the public administration;
- developing and implementing human resources strategies and policies;

- strengthening institutional capacity and the efficiency of public administration involved in implementation of interventions financed from ESIF;
- the physical development of infrastructure for communications and information technology in the public administration;
- developing, introducing and supporting the use of e-government instruments, designed with a holistic organisational and modernisation scheme and accompanied by training to upgrade the skills of the public employees to use e-government tools.

The justice system

Key Issues from Analysis

In the period since accession, Romania has taken numerous steps to create a strong, independent and well respected justice system. While progress has been made in many areas there remains a need for further capacity-building, reform and modernisation:

- the high demands placed upon the system militate against rapid resolution of cases, particularly in civil cases. The overall case load in the courts is very high relative to their capacity, notably in terms of the number of qualified judges;
- there is a lack of unification in Romanian case law, which can result in inconsistent judgments, appeals, further pressure on the system and erosion of reputation.

Since 2005, Romania has pursued a strong anticorruption policy as a major plank of civil society development and to improve the country's standing as a place to do business. The National Integrity Agency has faced a high case load relative to its investigative capacity and its ability to complete cases has been affected by the capacity of the courts.

ICT for modernizing the judicial system

A significant contribution to an improved strategic management, accountability, transparency and efficiency of the judiciary, but also for the access to justice is represented by the further development of the IT for judiciary. The functional Review Report identifies that is need for more coordinated and integrated ICT strategy, ICT governance mechanism, ICT capacity strengthening, improved user training, and improved access to case file information by judges, staff and public. Most important, the quality of data needs to be improved so they can be used more effectively for management purpose.

Broad Priorities for the use of ESIF 2014-2020:

In 2014-2020 access to justice will be improved through actions to enhance the organisational and administrative capacity of judicial institutions and through application of appropriate recommendations made under the Cooperation and Verification Mechanism (CVM).

Against this background, priorities in justice in the next period will include:

- strengthening the organisational and administrative capacity of the judiciary institution,

- the development of the human resources,
- enhancing the accountability and the transparency of the judiciary,
- improving the IT infrastructure (IT equipment and e-justice) of judiciary,
- improving the access to justice.

Cadastre

Key Issues from Analysis

Romania, as a MS of the EU, needs to implement a coherent and correlated system including all the immovable, through systematic cadaster works and registration of all immovable.

In these circumstances, it is justified to sustain the registration of all immovables in the integrated cadaster and land registration system.

Achieving cadaster throughout the country will create the premises for an efficient public administration of the budgetary resources and is a good tool for managing and accessing EU funds.

Broad Priorities for the use of ESIF 2014-2020:

- against this background, priorities in 2014-2020 will include developing a national cadastral system which will allow public authorities access to official information and updates regarding property and owners.

Territorial challenges and disparities

The main territorial challenges for Romania identified refer to improvement of accessibility conditions, need for more balanced polycentric development, use of integrated urban and territorial development, improving the quality of the life in the under-developed rural areas, territorial integration in cross-border and transnational functional areas and managing the effects of demographic changes: accessibility challenge, achieving a balanced polycentric development, under-development of rural areas and demographic challenge.

Romania's territory has a rich diversity, facing significant disparities in several fields. The most important differences are listed below:

- the national territory has a high diversity in population density. Densely-populated territories are located in the area around Bucharest, in Moldova on Siret axis and the center of Transylvania, while low densities can be identified in the Danube Delta, most of the Carpathian Mountains and a large part of Dobrogea and Bărăgan;
- in accordance with traditional differences of demographic characteristics, the North and North-East areas have better demographic resources, whereas rural areas in South-West and West have generally an older population, usually associated with lower birth rates and negative natural balance;
- concerning the economic development, several areas of concentration can be identified, in particular Bucharest area and the Western and Central part of the country. The North-Eastern part and most of the South (whereas also

- benefiting of the Romanian general economic development between 2000-2008) are still lagging behind the main development areas;
- the national transport network (TEN-T core and comprehensive) has a visible concentration towards Bucharest, and the regional transport links are concentrated to main regional centers, also, there are rural peripheral areas where accessibility issues are significant and there is a need for local roads rehabilitation;
 - the percentage of people occupied in agriculture is significant throughout the national territory, with some differences: regions such as North-East, South and South-West have a share of almost 50 % of population (in 2005) meanwhile, the more developed region of București-Ilfov have only 9 % of the people. The big share of people working in agriculture, combined with the lack of occupational diversity, is one of the causes of lower incomes and poverty that affect these areas;
 - in the field of high education the polycentrism is accentuated, with traditional university centers offering varied opportunities for higher education, similar to Bucharest, while other university centers offer unique specializations (e.g. Constanța – navigation; Brașov – forestry; Ploiești – oil and gas; Galați – shipyards). There are, as well, smaller university centers completing the national high education system;
 - regarding the other services of general interest there are significant disparities between rural and urban areas. For example, in rural areas there are two times less doctors per inhabitants, there are difficulties for children to get access to schools with an influence on the education quality, rural areas being disadvantaged because of lower quality of constructions. Differences concerning the access to water supply, sewer systems and other amenities are rather evident;
 - In urban areas, poverty is concentrated in small towns, mainly because the infrastructure is deficient, often being dependent on one enterprise and generally lacking a local private sector. In particular two categories of small urban centers were affected by poverty: (mono)industrial towns with industry in decline, where many people are unemployed, and towns currently depending on agriculture, whereas the main employer are agricultural companies and most people are occupied in the primary sector. In rural areas, poverty is less expanded in areas close to the urban centers that provide job opportunities and more services, being more frequent in areas with no access to urban centers.

The Danube region is characterized by its linguistic and cultural diversity, created after historic stratified influences which are proven by the variety of cultural heritage elements and by the formation of creative models that have distributed in the Danube Basin. For Romania, the Danube River is at the same time, an important transport axis and an element of special tourist and economic potential.

From the EU Danube Region Strategy perspective, two types of strong economic and social disparities can be defined: at macro-regional level between Romanian regions and other regions from the Danube River Basin, especially with those from the Central part of Europe; The Danube crosses areas whereas EU 2020 objectives are expected to be rapidly achieved (Austrian and German regions), but also regions where EU2020 targets will be harder to achieve (Hungary, Romania, Bulgaria), and, on the other hand, at national level between Danube-adjacent counties of Romania and the surrounding counties.

Taking into account Romania's geographical position and the length of her internal (EU) and external borders, European Territorial Cooperation (ETC) is extremely important, both from a political and economic point of view.

By their nature, borders usually result in a barrier to economic, social and cultural interaction and Romania's borders are no exception from this rule. They impede the flows of goods and services and development of market critical mass and for this reason, border areas tend to be under-developed.

Cross-border cooperation, as demonstrated also by the 2007-2013 experience, holds the prospect of overcoming the constraints imposed by the national boundary and securing better development of the border area, by using a well-planned strategic approach in a sustainable manner. Actions in this field contribute to the sustainable development of the border area, as well as to the harmonious development of the regions concerned.

Interregional cooperation is particularly important because of its focus on reinforcing the effectiveness of the Cohesion Policy, by encouraging exchange of experience and pilot type actions. Its objective distinguishes it from the other types of ETC. By encouraging the exchange of experience between different regions and cities and fostering cooperation between different actors involved, especially in the area of research and innovation, this type of cooperation can contribute to economic and social development in a sustainable manner.

Romania is benefiting from access to expertise that is not otherwise available through transnational cooperation. Research and innovation, environmental management, security anti-corruption and capacity building represent areas of particular relevance for Romania.

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 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. Key findings of the ex-ante evaluation of the Partnership Agreement

Romania is undertaking an external ex-ante evaluation of the PA 2014-2020. The ex-ante evaluation has been assigned to a consortium composed of Ecorys Nederland BV and L&G Business Service SRL and has started on March 7th, 2013. Measures have been taken in order to ensure that the evaluation is carried out by independent evaluators, both national and international. The general objective of the evaluation is to bring a real added value and to improve the quality of the documents that are to be negotiated with the EC, according to the new draft regulations on the funds of the CSF 2014-2020 and to provide judgements and recommendations on the programming-related aspects, issued by experts independent of those involved in programming.

The evaluation activities are structured around three specific objectives:

- to ensure the internal and external coherence of the PA;

- to ensure the adequate administrative capacity of the authorities and beneficiaries for a good implementation of the ESIF;
- to ensure adequate electronic systems for the exchange of information between the authorities and the beneficiaries.

Evaluation of the electronic systems for information exchange

Presently, a first interim report on electronic systems for information exchange has been issued. It is based on the current situation of electronic systems put in place for 2007-2013 programming period. The report concluded that:

- in terms of fulfilling minimum requirements stemming from the new Regulations of the EC 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 OPs¹² the system was designed for, MySMIS would fulfil entirely the e-Cohesion requirements;
- since NPRD and OPF 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 financial 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 fulfilment 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 systems¹³, 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 fulfil 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).

¹² SOP T, SOP ENV, ROP, SOPIEC, OPACD and OPTA

¹³ Including electronic systems for NPRD, OPF and ETC

Key recommendations made by the evaluation report are relating to finalising implementation of MySMIS and extending it to meet the needs of the ETC and ESF type programmes.

Evaluation of administrative capacity of authorities and beneficiaries

Along with the report on electronic systems for information exchange, a first interim report on the administrative capacity of the beneficiaries and the authorities has been drafted as well. The report focused on providing an analysis of the administrative capacity of the beneficiaries and authorities capturing the relevant lessons learned from the 2007-2013 period, with a view to transfer them into the implementation of the future period.

As regards the administrative capacity of the authorities, the assessment was structured on three areas of analysis: structures, human resources and system&tools.

Structures

The structures for the CSF implementation are not designated yet, but the process is in progress. From the 2007-2013 experience, it should be mentioned that, the legal institutional framework, set up of the organisation structures, formal allocation of responsibilities, approval of the Regulation for Organisation and Functioning (ROF), set up of the MCs, comply with the requirements. However, the key issue is the proper functioning of the structures. The lessons learned from 2007-2013 also indicate the need to ensure sufficient power to the coordinating structures and MAs over IBs to ensure an effective management/ coordination.

Systematic and effective inter-ministerial coordination is in place. The partnership structure has been in place since June 2012. ICPA is the key body covering a large number of organizations, ensuring a good coverage of the wide range of partners. Social, regional partners are involved systematically in the design of the socio economic policies, but improvements are needed to respond to the lack of clarity regarding the way partners contribute in the process and the absence of procedures for the drafting and the even and consistent contributions in the working groups and consultative committees.

The programming capacity exists, but needs improvements. The current programming capacity relies on the experience of MAs and MEF from their previous programming experience. The relevance of this capacity depends of the continuation of the staff and structures with the same roles which should be considered for the transfer of the existing expertise. Improvements are needed for:

- additional support – experienced staff and/or TA, mainly to covering the new elements, tools, approaches;
- strengthening the capacity of the public policy units within the line ministries and regional actors.

Human resources

The analysis leads to two key conclusions: that there are significant gaps in ensuring the adequate human resources both quantitatively and qualitatively and there is an insufficient capacity to use HR policies and practices to ensure continuous development of the human resources and respond to the changes in the system.

In general lines, the institutions have succeeded to improve the staffing situation, but there are still areas with high vacancies rates and excessive workloads. The HR planning and the workload analysis are not used in an effective manner to support the appropriate measures to ensure the necessary human resources. The austerity measures with the rigid rules, constrained heavily the attempts of the organisations to create new positions and occupy the vacancies. The turnover and vacancy rate is manageable but not in all organisations. The more difficult situations are those where the turnover affect key positions (managerial or specialists with experience) and affect the core expertise.

The reward system is not adequate. There are large imbalances across the institutions of the system generating instability of the staff, and migration inside the system. The economic crises reduced the jobs opportunities on the private market diminishing the negative effects of low competitiveness. The reward system is not perceived clear and fair, being unable to motivate people and stimulate performance.

The training policies and practices are in place, but needs improvement. Training is the area where the organisations benefited from a large amount of assistance for the preparation and during implementation of the current operational programmes. While the training planning continues to be effective, and identify the real needs, the implementation faces difficulties due to the budgetary constraints, difficulties to use the TA for procedural reasons, and the high workloads limiting the availability for training. Review of the training policy regarding the methods of training is needed as well as creating the mechanism to ensure from TA the resources for training implementation.

The performance management is not effective in the organisations. The appraisal system is in place and covers all institutions, being compulsory by law. The system is not fully credible as being able to reflect the real performance. Moreover, the very high ratings for most of the staff cannot make a difference to stimulate performance. It is a largely shared opinion in the organisations that the reward system has to be linked with the performance, with individual merits and contributions. This is imposing a shift of the performance appraisal from competences and behaviours to results and individual objectives.

Systems&Tools

The delegation of tasks is largely adequate during the programming period 2007-2013. The arrangements between the MAs and IBs are agreed in official documents. There is consensus among stakeholders regarding the delegation of tasks. The clarity

of the responsibilities is largely adequate, but improvements are needed to avoid overlapping of operations and reduce the administrative burden.

The guidance for programming and implementation is largely adequate, but improvements are needed. The MAs and IBs have received a large amount of guidance for the preparation of 2007-2013 operational programmes. Technical assistance is considered an important support and should be better used in finding solutions for the procurement difficulties. The guidance documents from the EC are considered useful. During the implementation of the OPs, a better coordination is needed to ensure consistent approaches and methodologies. Improvements of the procedures and manuals are considered necessary having in view simplification of the procedures.

The indicators system is largely adequate, but improvements are needed. Creation of an indicator system proved to be a difficult task. Key problems in the current programming period were linked to: appropriate selection of the results indicator coherent with the programme objective, poor intervention logic of the some programmes, inconsistencies within the OP and across OPs making difficult the aggregation of the indicators, difficulties of setting baseline and target values in absence of proper analysis, studies and statistics.

The Electronic systems are not fully used and improvements are needed in terms of reliability and user friendliness. The electronic systems used in the current programming period fulfil minimum requirements in terms of data reliability, security and user friendliness. For 2014-2020, more useful features for the users are required.

Arrangements on payment flows, expenditure forecasting and certification of payments systems are in place and are largely adequate. Procedures are in place, improvements are needed for clarity of the procedures and reducing the duration of reimbursements to beneficiaries.

Procedures for sample checks are in place, but execution needs improvements to correct the gaps related to delayed or partial implementation of the checks plan, execute complete and rigorous checks.

Sufficient audit trail is present. Irregularities detection and management are largely adequate. Procedures and guidance are in place. Execution has to be improved addressing the shortages identified: late identification of the irregularities, improved prevention, timely alert and registration of the irregularities.

Concerning the administrative capacity of the beneficiaries, the analysis was also structured in three areas: capacity of the beneficiaries to manage projects, capacity to mobilise human resources and capacity to mobilise financial resources. According to the findings:

- the project management is fully integrated in the organisation management and there is sufficient expertise in project management at

this level. The areas where the beneficiaries encounter problems are: preparation of the application form, budgeting and setting indicators. There is also a need for more experienced project managers, for mature projects and projects pipeline;

- the evaluators signaled that there is a significant gap regarding the (un)availability of human resources in preparation and implementation of the projects. The availability of competent staff is more difficult at local level, deprived, rural, or isolated areas and the staff turnover is at a manageable level. As regard to the availability and quality of consultancy services the evaluators revealed that the quality and the price-quality ratio are affected in the case of the public beneficiaries by the “lowest price” award procedures used extensively in public procurement;
- regarding the existence of sufficient internal and borrowed financial resources to ensure co-financing and the implementation of the cash flows, the evaluators highlighted the extensive problems in implementation due to the reduced capacity of the beneficiaries to ensure the financial resources, aggravated by large delays of the reimbursements (e.g. 230 days instead of 45 days; 27 months delay of the final payment). There were also some other horizontal issues affecting the capacity of the beneficiaries such as: clarity and consistency of the procedures, sufficient capacity of the Mas and IBs to support beneficiaries and corruption risks.

1.3. Selected thematic objectives, and expected results

The analysis of disparities, development needs, and growth potential highlights the wide spectrum of disparities which continue to exist between Romania and the rest of the EU. Accordingly, in the 2014-2020 period, Romania will invest ESIF in the area of all 11 EU2020 Thematic Objectives (TOs), but the Investment Priorities will be supported in the areas identified as most affected. There will be also significant thematic concentration of investments, according to the provisions of EU regulations and with the specificities of the Romanian regions.

Taking into consideration the Romanian infrastructural needs, 25% from the total envelope of ESIF, respectively 62% of the Cohesion Fund will be dedicated to the thematic objective no 7 - related to sustainable transport. ERDF will contribute also to the achievement of this objective with a substantial contribution: 18% from the ERDF national allocation.

A big share of ERDF resources (25% from the national allocation) will contribute to the achievement of the thematic objective no. 4 – related to the shift towards low-carbon economy. Around 30% from the national ERDF allocation will be dedicated in equal proportions to the achievement of the first 3 thematic objectives – related to RTDI, ICT and competitiveness. Meanwhile, supporting the investments in the social and educational infrastructure, ERDF will contribute also to the achievement of the thematic objectives no. 9 and 10, through 8% contribution from the ERDF national allocation for each of these two objectives.

The ESF resources will be dedicated mainly to the increasing of institutional capacity / efficiency (thematic objective no. 11) – around 34% from the national ESF allocation, as well as, in equal proportions (25% from the national ESF allocation), to the achievement of the thematic objectives 9, 10 - related to the social inclusion and education. The thematic objective no. 8 – related to Employment will cover 15% from the ESF national allocation. ESF investments will contribute also to the achievement of the thematic objectives no 1 and 2, assuring qualitative human resources in the research and development sector, as well as the development of digital competences.

The EAFRD and EMFF resources will contribute in the biggest proportions to the achievement of the thematic objective no 3, aiming to increase the competitiveness of rural and fishing economy. To this end, around 40% of EAFRD national allocations, respectively 45% from EMFF national allocations will be covered by the investments under this objective.

Thematic objective 1 - Strengthening research, technological development and innovation

The vision of the National RDI Strategy for 2014-2020 is focused on competitiveness by placing innovation at the center of the research & development policy, and concentrating funding around a set of strategic priorities, as well as through a commitment to global standards of excellence, to bridging research and entrepreneurship, and incentivizing business to become a key player in innovation.

The principal objectives to be achieved are:

- ensuring 1% of GDP for public expenditures for RDI together with a matching private 1% of GDP;
- reaching the European average in terms of human resources in the research & development sector;
- opening access to competitive infrastructures;
- concentrating researcher training around the priority fields;
- opening the research job market internationally.

In order to support the social and economic development and the Romanian competitiveness, the actions financed by ESF 2014-2020 have to stimulate the enterprises for R&D and innovation activities, as well as by improve quality and greater interdisciplinary of the scientific research and increase the commercialization and the internationalization of research.

This objective will be achieved through focused actions aimed at improving the quality of research and at strengthening the position of the national research units within the European Research Area, on building ties between science and the needs of market and enterprises, as well as on increasing the support for enterprise innovation (in accordance with the smart specialization approach).

In the context of establishing a Smart Specialization Strategy, MEN (ANCS) engaged the support of JASPERS for performing an analysis of the RDI market in Romania

based on the methodological elements specified in the RIS3 Guide. The present situation resulted from the final JASPERS report, which has analyzed the evidence base of Romanian research and development expertise (supply side) and the competitiveness of the Romanian economy (demand side), to understand the linkage and correlation between research and development with business performance within the innovation system. This report provides a national view and an analysis of the regional context and potential for innovation, which is the first of six stages in the overall process of establishing a Smart Specialization Strategy. This report has identified the four main areas of food and agriculture, ICT, energy and the environment, engineering and technology, as the basis for potential smart specialization focus. In addition there are other sectors that are worthy of consideration for a potential focus on smart specialization including: textiles and leather, pharma-health, wood and furniture.

The Romanian R&D expertise identified by JASPERS's study to support the development of economic sectors will focus on:

- food and agriculture: agronomy, crop science, food science and agricultural and biological science, agricultural biotech. Soil research, Nano-materials for protein separation;
- ICT: networks of the future, internet of services, software and visualisation, networked media and 3d internet, flexible organic and large area electronics, embedded system design, personal health systems, ICT for energy efficiency and accessible and assistive ICT, Computer science and artificial intelligence;
- engineering and technology: electrical and electronic engineering, nanotechnology, materials (specifically electronic, optical and magnetic materials, materials chemistry, materials science and metals and alloys) and mechanical engineering, motor vehicle transport and other transport. Monitoring systems, charging of electrical vehicles, joining technologies, mechatronics systems, tribology, micro-nano fabrication, magnetic nano-fluids, electronics for aviation, building materials, conversion of wood waste;
- energy and environment: renewable energy, environmental engineering, pollution and environmental biology;
- health: medical science, healthcare;
- pharma-health: pharmacology, systems for aged and disabled, cosmetics.

The next interventions financed by ESIF 2014-2020 will be concentrated on certain priority domains identified by the National RDI Strategy 2014-2020 (taking into account existing sectoral/regional strategies and the National Competitiveness Strategy 2020) as having a strong potential for economic growth and will act in complementarity with the other measures which will be supported from the National RDI Plan III financed from the national budget.

Financial support will go to RDI projects (for transfer of technologies, research and development activities, and especially investments in RD infrastructure) targeted at

the best research and education units across the country (RD institutes, universities, hospitals, and institutes of the Romanian Academy).

Also, the actions targeting the enterprises which invest in innovation and conduct research and development activities will be one of the important elements in order to achieve the objectives. Co-financing will be provided along the entire process of innovation emergence: from the stage of coming up with an idea, through RD activity, and prototyping, to the research result implementation, the transfer of technology and innovative marketing and commercialization activities on the international markets. Support will cover not only technological innovations but also the accompanying non-technological innovations which enable greater effectiveness of the organizational and management actions in an enterprise.

Also, the transfer of knowledge and innovation in rural areas and strengthening the links between agriculture, fisheries, aquaculture and forestry and research will be foster in order to offer conversion opportunities for economic diversification.

It is also envisaged to create financial instruments targeting innovative enterprises which will be used to a greater extent to finance their investments at an early stage of development (development of investment capacity of innovative enterprises and development of private investors' market). "Seed" funds will be made available to pay for such preliminary operations as market research and product development until the innovative enterprise can attract further investments. Support may be also directed at enterprises that implement high risk innovative solutions via a risk capital fund. Such instruments have never operated in Romania. A credit and guarantee facility is also envisaged for public and private entities, and public-private partnerships engaged in research and innovation activities requiring risky investments in order to come to fruition. The target final beneficiaries shall be, in particular, SMEs with the potential to innovation and growth, but also large firms, universities and research institutes, research infrastructures and innovation infrastructures, public-private partnerships.

Another set of actions will focus on the synergies with the EU Research and Innovation Programme for 2014-2020 - Horizon 2020.

Both Horizon 2020 and the Regulation laying down the common provisions on ERDF and the other ESIF foresee various types of measures that are to be supported jointly from the two sources of funding. These include "Upstream actions" to prepare the RI players to participate in Horizon 2020 that shall be developed through capacity building, and "Downstream actions" that shall provide the means to exploit and diffuse RI results, stemming from Horizon 2020 and the preceding framework programmes. Among the measures proposed is the linking of emerging centers of excellence to leading organisations and innovative clusters in the developed regions by teaming and twinning actions, the establishing of "ERA Chairs" to attract outstanding academics, and the supporting of access to international networks and consortia. The current national measure for attracting specialists from abroad shall also continue in 2014-2020 enforcing the "ERA Chairs" initiative of Horizon 2020. (Synergies with Horizon 2020 will also be supported via the other

actions for research organisations and enterprises described higher above whenever possible.)

The same type of funding measures supported during 2007-2013 will be continued, with some adjustments, in 2014-2020. A new set of additional funding measures will be introduced in relation to the latest developments in the structural funds approach: the financial instruments for RDI, and the synergies with Horizon 2020. The second phase of the ELI-NP major project will also be funded by the ESIF in 2014-2020.

Therefore, the investments from ESIF under this thematic objective will be focused on the following priorities:

- RDI support for enterprises, especially by:
 - Supporting the RDI investments in order to foster the technological transfer of competitive research results, to enable the RDI-based development of products and services in economic sectors with growth potential;
 - Promoting the eco-innovation and innovation in agriculture and aquaculture;
- promoting financial instruments aimed to support the risk of private investment in research and innovation, to stimulate innovative start-ups and spin-offs, as well as to attract young researchers in RDI centres of excellence;
- development of 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 health¹⁴;
- unlocking the potential for excellence in research and innovation by creating synergies with the RDI actions of the EU framework program Horizon 2020, and ensuring highly trained human resources in the national RDI system, especially in centres of competence;
- fostering the transfer of knowledge and innovation in rural areas and strengthening the links between agriculture, fisheries, aquaculture and forestry and research, in order to offer conversion opportunities for economic diversification.

Under this objective the investments will be financed mainly from ERDF (9% from the ERDF national allocation), with a small contribution from EARDF in rural areas (1% from EARDF national allocation). The investments under the other thematic objectives will also contribute to the achievement of the results expected under this objective (eg. The ESF investments under thematic objective no. 10 – related to Education will assure qualitative human resources in the research and development

¹⁴ E.g: *development of the Health Technology Assessment (HTA), competitive health centred clusters.*

sector, by supporting doctoral and post-doctoral fellowships for the young researchers' career.

With this contribution from the ESIF, the following main results are expected under this objective:

- with ERDF support:
 - to enhance the innovative initiatives of enterprises
 - creation of companies in medium and high knowledge intensive sectors
- with EAFRD support:
 - to enhance innovative initiatives in rural areas

Thematic objectives no. 2 Enhancing access to and use and quality of information and communication technologies

In order to sustain the economic development, and mostly in order to ensure a smart sustainable growth and to promote the social inclusion, Romania will pay attention to the ICT sector, by focusing the measures on developing solutions for the extension of ICT services and extending broadband development.

All the investments in the field will be done under umbrella of the National Strategy for Digital Agenda – the strategic policy framework for digital growth, which will be in place in July. This strategy is aligned with Smart Specialization Strategy which implies an approach for economic development and innovation in accordance with the specifics of the regions and the competitive advantage that can be developed. In the same time the strategy will be in synergy with other sectoral strategies.

The strategy objectives are in line with the objectives recommended by the Commission through its project “A Digital Agenda for Europe”.

Over all the Romania's socio-economic context still shows a high development potential, mainly in the use of ITC in fields as digital inclusion in the e-governance system, horizontal and sectorial measures (education, health, culture), e-commerce, where the market is still at a very early level, as well as in the infrastructure of digital services and broadband infrastructures in the rural area.

The next steps to increase significantly the use of e-Government services (the European target for the end of 2015 is 50%) will include the development and implementation of the strategy using principles of e-Government which directly meet the needs of citizens and to propose public services available online, not as bureaucratic classifications, but as intuitive life events.

Interoperability with major ICT systems implemented at European level will ensure effective communication and support cross-border digital single market. In the context of e-Government and the creation of a framework for interoperability in the public services, the Governmental Cloud is recommended as a versatile infrastructure that supports certain indisputable technological advantages, such as lower operating costs, optimized human resources and flexible infrastructure adapted to the changes due to a faster delivery of e-government services.

Regarding ICT implications at sectoral level (education, health and culture) are aimed at improving ICT skills and access to digitized content, OER - Open Educational Resources, Web 2.0 or telemedicine services. The proposal for the improvement of e-inclusion comprises training the disadvantaged people, providing similar conditions to the other communities, supporting regional development which should be sustainable and balanced in terms of ICT.

Developing and supporting e-commerce sector in Romania is of major importance for the recovery of the advance recorded in other EU MSs and to ensure integration in the European Digital Single Market. In this regard will be promote the use of e-commerce channel in the Romanian retail, will be ensure the security of information transmitted as well as cross-border transactions made online and the digital single market. Also, will be promote sustainable development based on the concept of smart specialization, ensuring economic growth through investment in specific ICT development and innovation.

There will be put in place measures to encourage the development of infrastructure and measures to reduce development costs of high-speed broadband infrastructure (up to 80% of the costs for the development of new networks is the cost of civil works) by implementing simple measures such as wider use of existing physical infrastructure, cooperation with utility companies and improved coordination of all actors involved in the development of networks.

The ICT infrastructure will ensure the access of the population to the Internet, by the development of the broadband connections, by increasing of the digital literacy, by developing digital competences as well as of the social inclusion.

Based on the above rationales, the investment priorities in the ICT field will be focused on the following areas:

- modern online public services which ensure interoperability and access to open standards for increasing transparency and administrative efficiency, including e-justice;
- ICT services for:
 - education (innovative methods of integrating Web 2.0 educational resources and open educational resources for learning, integrated infrastructure of educational institutions and administrative services in education at all levels, e-skills),
 - health (e-Health, interoperability of existing systems, telemedicine, quality basic services such as integrated emergency services and primary health services, e-Health networks and cooperation among electronic patient registries) and
 - culture (digital cultural heritage - public libraries, museums, cultural objectives, online cultural information);
- ICT solutions for enterprises such as e-commerce, m-commerce, m-wallet and NFC;

- ICT services to promote research-development-innovation, through investments into clusters and growth poles of competitiveness;
- deployment of broadband infrastructure in areas suffering from market failure, in particular in rural areas, and promoting the extension of Next Generation Access in order to ensure and upgrade broadband networks.

Under this objective the investments will be financed mainly from ERDF (10% from the ERDF national allocation), with a small EAFRD contribution in rural areas. The investments under the other thematic objectives will also contribute to the achievement of the results expected under this objective (eg. The ESF investments under thematic objective no. 10 – related to Education will assure the development of skills and competences in digital area).

With this contribution from the ESIF, the following main results are expected under this objective:

- with ERDF and EAFRD support:
 - a more efficient use of Internet by expanding coverage of broadband services with increasing speed, in a large part of the territory
 - increased access of citizens to public services/ information of national and local interest
 - increased ICT use in business environment

Thematic objective 3 - Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector and the fisheries and aquaculture sector

Romania has its own objectives and targets concerning competitiveness to be achieved, within the framework of the EU 2020 strategy and, in this context, the SME sector has to be a competitive engine of economic upgrading.

The key contribution of SMEs to economic growth and employment cannot be made in the absence of a favorable ecosystem. Therefore, the vision for the future is to develop the entire entrepreneurial ecosystem, along with its sectoral (value chain restoration) and regional (territorial spillover) sub-systems.

For the medium and long term, the role of SMEs in Romania needs to be placed into context, as follows:

- in the *economics context* (value creation conditions for each sector, especially for those having a strong potential for economic growth – relevant for Thematic objective no.1, 3 and 4),
- in the *context of local/regional economy development* (conditions for the emergence of clusters and industrial networks – relevant for Thematic objective no. 1, 2 and 3),
- in the *context of the entire entrepreneurial ecosystem* at national level (relevant for Thematic objective no.3, 8 and 10).

Through their characteristics, SMEs offer the economy advantages that large firms do not (e.g. spin-offs, start-ups, social capital, lower entry and exit costs, less failure

risks, etc.), that do not necessarily pertain to employment or growth, but to the possibilities of strengthening competitive advantages for a region or country.

The National Competitiveness Strategy 2020 vision is to enhance the entrepreneurial ecosystem by addressing four critical issues: the issue of critical mass, the issue of size, the issue of sectoral structure and the issue of resilience.

The *issue of critical mass* is immediately indicated by statistics, as the SME density ratio for 1000 inhabitants in Romania is well below the European average (22 Romania vs. 42 EU avg.). Moreover, if looking at the analysis at the regional level while isolating the Bucharest-Ilfov area as being a particular case of concentration, the data for the other regions describe and even more pessimistic picture. In simpler terms, if there are not enough firms, then their contribution to GVA/GDP cannot be over the charts either. Therefore, *the first pillar of an upgrading vision for the future is to stimulate the creation of new enterprises, in order to provide convergence towards the EU average regarding SME density*. Romania needs more enterprises, more genuine entrepreneurs, that can constitute a sufficient entrepreneurial mass, in order to produce growth and positive externalities. The SMEs should be assisted in investing activities, including the innovative ones, in productive activities that imply a high level of labour resources at local level and also in promoting diversification activities, according to local and regional needs and strategies. This is an approach which may seem devoid of sophistication, but which is very relevant in its simplicity.

The *size issue* results from the sector radiography, on noticing the higher percentage than at the European level of micro and small enterprises, most of them survival oriented, without any ambition for growth or managerial sophistication. This volatile area of firms is in part responsible for the low contribution to growth of the entire sector. *The second pillar of the vision is to push for growth and encourage entrepreneurs to develop their businesses*. Investments in infrastructure should be completed with business supporting services, both for existing and new created enterprises, especially for SMEs. This implies better access to finance, suitable incentives to hire new staff and openness towards enhancing export activity.

The *sectoral structure issue* derives from the current bias of small firms towards trade businesses and commercial intermediation (43% Romania vs. 32% EU avg.). Romania cannot afford only to trade; it needs productive chains well linked together, with knowledge-intensive services that can intensify the agricultural and industrial potential. Also, the development of innovation and research specific infrastructure represents a core factor in order to increase the regional economic competitiveness, especially in fields identified as smart specialization potential.

The third pillar of the vision for the next decade is to ignite structural change that will allow more opportunities to appear for SME development in agriculture, tourism, industry and services. Specific for the case of Romania, the reform of remodelling individual farmers into small businesses is expected to generate significant entrepreneurial results with high impact on the rural areas. Support for investments in tourism sector can have a multiplier role, supporting growth in other sectors such

as transport, construction, agriculture, crafts and retail, causing multiple and diverse opportunities to develop new business (SMEs).

Last but not least, the *issue of resilience* can be seen from the amplitude of SMEs' reaction to the crisis, and also from the very low survival rate of newly created companies. Romanian companies appear rather opportunistically and by copying existing models, rather than through a thorough planning that takes into consideration a strict management of the risks and contingency plans. *The fourth pillar of the vision embraced for the next generation of policy is to nurture young companies in their early years, so that they have the premises to overcome a relatively unfriendly and bureaucratic business climate.*

All the above pillars will be supported by a horizontal pledge of the administration to follow the Small Business Act principles, *especially reducing administrative burdens for SMEs and developing e-government initiatives.*

In particular, in the Romanian fisheries and aquaculture sector, the innovation, the acquiring new professional skills for diversification of activities and the reducing administrative burdens will increase competitiveness in fisheries and aquaculture. In our view, in the 2020s, the fishing in Romania will be a competitive and attractive for investments and labour. To achieve this goal, we will support the diversification of activities (new forms of income) inside the fisheries and aquaculture sector (processing and marketing activities, start-up support for young fishermen and management, aquaculture farmers) as well as outside the sector (tourism, environment, educational activities).

Consequently, the investment priorities under this objective will be focused on:

- Promoting entrepreneurship by financing investments for supporting the business environment, focusing on:
 - developing the entrepreneurship spirit, particularly by facilitating the economic utilization of new ideas and by fostering the setting up of new firms in the economic fields that are to be identified as having potential growth (such as creative and cultural industries);
 - promoting integration of SMEs in supply-chains and clusters;
 - increasing the investments diversity in rural areas, in particular by promoting the development of non-agricultural activities and services provided by SMEs;
 - developing financial instruments and support services for initiating, supporting and developing innovative entrepreneurship, that will generate economical added value;
 - developing and implementing new business models for SMEs, in particular in order to promote technology transfer and internationalization;
 - promoting financial instruments for increasing access to financing, in order to encourage the demand for eco-innovation (3.2.);

- Supporting advanced technological investments for products and services, focusing on:
 - productive investments for introducing advanced technologies / transfer of some research results to industry;
- Enhancing competitiveness of all types of agriculture and enhancing farm viability
 - restructuring of farms, in particular through on-farm investments, investments related to the processing, marketing and development of agricultural products or investments in infrastructure for the development and adaptation of agriculture;
 - facilitating generational renewal in the agricultural sector through business start-up aid for young farmers;
- Promoting food chain organisation and risk management in agriculture
 - better integrating primary producers into the food chain through support for quality schemes, promotion in local markets, horizontal and vertical cooperation, new marketing and networking opportunities, the development of short supply chains and the setting up of producer groups;
 - supporting farm risk management through assisting farmers with the management of risks and support for investments in preventive and restoration actions;
- Supporting the competitiveness of the fisheries and aquacultural sector, with emphasis on:
 - promoting human capital, social dialogue and scientist-fishermen networks;
 - acquiring new professional skills for diversification of activities within and outside the fisheries and aquaculture sectors;
 - job diversification (new forms of income) inside the fisheries sectors (processing, marketing for producers) as well as outside the sector (tourism, environment, educational activities);
 - support for the establishment, organization and functioning of producers-processing-marketing chain;
 - support for innovative fisheries and aquaculture aiming at enhancing competitiveness;
 - start-up support for young fishermen and management, relief and advisory services for fishermen and aquaculture farmers.

Under this objective the investments will be financed mainly from EAFRD (39% from the EAFRD national allocation) and EMFF (45% from the EMFF national allocation), but also through ERDF support (9% from the ERDF national allocation). The investments under the other thematic objectives will also contribute to the achievement of the results expected under this objective (eg. The ESF investments

under thematic objective no. 8 – related to Employment and thematic objective no. 10 – related to Education).

With this contribution from the ESIF, the following main results are expected under this objective:

- with ERDF support:
 - fostering the setting up of new firms in sectors with potential growth, including entrepreneurship
 - job creation and increasing employment
- with EAFRD support:
 - diversification of economic activities contributing to a competitive agricultural sector, including infrastructure development
- with EMFF support:
 - increased value of the Black Sea and freshwater aquaculture production
 - attract qualitative human resources within and outside the fishery and aquaculture sectors

Thematic objective 4 - Supporting the shift towards a low-carbon economy in all sectors

In the context of current EU policies which seek to accelerate the transition to a low-carbon economy, the actions under this objective will follow the Romania's 2020 targets (reference year 1990), namely 20% reduction of greenhouse gas emissions, 24% increase the share of energy renewable sources in gross final energy consumption and 20% reduction of primary energy consumption by improving energy efficiency.

There is in place a strategic framework dedicated to energy sector consisting of the Energy Efficiency Strategy, the National Action Plan on Energy Efficiency and the National Action Plan on Renewable Energy. The applicable EU legislation is transposed to the national legislation correctly and in time, and the respective requirements fully implemented and enforced.

According to the latest national inventory report, the energy sector is the most important sector that generates greenhouse emissions in Romania. The energy efficiency over the whole production, transport, distribution and final consumer chain is low. There were programmes targeted at increasing energy efficiency financed through national and European Funds including direct support to consumers. Romania seems to be close to the 2016 target which is 2800 ktoe in terms of energy consumption, but this was possible mainly because of the economic recession and restructuring in industrial sector and not due to increased energy efficiency. In this regard, these programmes will be continued, thus ensuring that the Romania's target is met. An important aspect is that should be paid attention that European Funds will be complementary to private funds as regard support to private sector investments.

Also, it should take into consideration that the energy efficiency projects are typically relatively small investments, concerning a high number of potential beneficiaries, and involving versatile technical solutions. Therefore, most energy efficiency projects will be managed as programmes/funding schemes so as to enable standardised and streamlined handling of the project preparation and implementation as it was mentioned above.

ESCO and other PPP arrangements can be used for energy efficiency investments in some cases. The projects shall be commercially viable (albeit including some share of public subsidy if necessary), so that the private investor will be able to recover the invested capital, financing and operational costs. Initial development costs (technical, financial, legal) of a PPP investment imply that the project size shall be adequately large to facilitate a PPP structure.

Also, taking into consideration the level of the greenhouse gasses emissions resulted from the transport sector and the fact that the transition to a green and sustainable urban transport is one of Romania's obligation resulted from the Action Plan on Urban Mobility, adopted by the EC in 2009, we have to assure less congested infrastructure, including in urban area, and to invest in cleaner transport, including through bypasses modernization and development.

According to the main objective to address the energy efficiency over the whole chain (production, transport, distribution and final consumer), the investments priorities in the field will be focused on the following areas:

- supporting energy efficiency measures and renewable energy investments in public infrastructures (including public buildings) and residential buildings, including:
 - rehabilitation of residential buildings (blocks of flats and houses) and public buildings
 - modernization of district heating systems
 - high-efficiency cogeneration for meeting the heat demand in the building sector
 - energy efficient street lighting and other public infrastructures
 - renewable energy for meeting heat and energy demands in the buildings and public sector facilities
 - promoting energy efficiency campaigns towards citizens and for public authorities, to increase the knowledge and skills on energy efficiency
- promoting strategies for reducing the carbon emissions in urban areas, focusing on the promotion of sustainable urban transport, through financial measures for improving the public urban transport system, including:
 - implementation of sustainable urban transport mobility plans
 - enhancement of public transport
 - improved logistics of freight transport
 - energy efficient vehicles and rolling stock

- assure less congested infrastructure, including in urban area, and to invest in cleaner transport, including through by-passes/ring roads modernization and development.
- supporting energy efficiency measures in industry including SME's, including:
 - energy efficiency investments in industries, including in SME's
 - support to energy audits
 - awareness raising on energy efficiency, particularly in SME's
- enhancing the security of energy supply and promoting the production and distribution of renewable energy, including:
 - energy efficiency investments in networks
 - smart grids development to manage the increasing renewables share
 - selected renewable energy support in coordination with network enhancement
 - investments for security of supply and cross-border trade

Under this objective the investments will be supported mainly from ERDF (25% from the ERDF national allocation), but also through a small contribution from CF (4% from the CF national allocation), EARDF (2% from the EARDF national allocation) and EMFF (2% from the EMFF national allocation). The investments under the other thematic objectives will also contribute to the achievement of the results expected under this objective (eg. The ESF investments under thematic objective no. 10 – related to Education for preparing the staff for energy efficiency and renewable energy).

With this contribution from the ESI Funds, the following main results are expected under this objective:

- with ERDF and CF support:
 - reducing greenhouse gas emissions
 - increased production and use of energy from renewable sources
 - improving energy efficiency by reducing the primary energy consumption in businesses, public and private housing
- with EAFRD support
 - improving energy efficiency by reducing the primary energy consumption in agriculture and food processing

Thematic objective no. 5 - Promoting climate change adaptation, risk prevention and management

The Romanian global objective for 2020 in the risks prevention 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 improving the access of people in need to quality emergency services, 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. Furthermore, Romania will build its resilience, by improving its administrative capacity to respond to disasters. 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.

Taking into account the thematic concentration established into the CPR and fund-specific rules, Romania will focus the investment priorities in the following areas:

- increasing the resilience of infrastructure and services:
 - increasing resilience of infrastructure and services with regard to natural risks and adaptation to climate change, focusing on infrastructure and equipment for preventing flood risk and mitigation of drought risk and coastal erosion and to improve the capacity to respond to forest fires. This could include building of the new infrastructure, non-structural measures and equipment.
- combat the drought through non-structural measures to mitigate the effects of climate change and through restoring the irrigation systems and investments in hydro technical accumulation:
 - Romania needs to improve national drought monitoring and management policies with the goal of improving preparedness and reducing drought impacts will be based on two main topics:
 - monitoring and prediction which should contribute to a broad early warning system;
 - mapping and assessing the impact of droughts, promote adaptation of best practices and rehabilitation of infrastructure in order to combat harmful effects on the environment (soils aridization, soil erosion, and landslide and flood effects).
 - regarding hydrological accumulation, investments are proposed in order to finalize water reservoirs which will provide water source in drought period;
 - improving water efficiency through on-farm water storage zones, water-efficient cropping patterns and forest protection belts against erosion;
 - prevent soil degradation and depletion of soil carbon stock, through low tillage, winter green cover, agro-forestry systems and new forests;
 - adaptation to climate change and diseases and maintaining genetic diversity, especially by supporting local crop varieties and livestock breeds;
- strengthen national disaster management system:
 - improving risk assessment and mapping and developing the risk management instruments and plans;; improving the all phases of disaster management cycle(prevention, preparedness, response and recovery) trough: strengthening institutional and technical capacity of ESMNS through collaborative solutions between different authorities, the local/regional and central levels of the administration and with the relevant EU MS and third countries for the trans-boundary effects;

- further development of the capacity to provide access of people in need to timely and quality emergency services, including by replacing the intervention vehicles and equipment, by improving the training system for the professional and voluntary emergency services, by developing a unified, flexible and scalable incident command system and by further developing the information management system through ITC solutions;
- improving Romania's capacity to respond to major national and international disasters, by building regional multi – risk rapid response modular capabilities, able to respond to low likelihood - high impact events, such as earthquakes, floods, or forest fires based on the conclusions of the risk assessment.

Under this objective the investments will be financed mainly from CF (10% from the CF national allocation), but also through EARDF support (8% from the EARDF national allocation).

With this contribution from the ESIF, the following main results are expected under this objective:

- with CF support:
 - reduction of the incidence of flood and other climate- related events affecting the population
- with EARDF
 - mitigate the effects of natural risk and adaptation the climate change

Thematic objective no. 6 - Protecting the environment and promoting resource efficiency

The Romanian global objective in the field of environment for 2020 is to maximize the benefits of the Union's environment legislation by improving implementation of the EU acquis regarding specific environmental protection legislation and enhancing the sustainability of the Romania's cities, as well as to ensure the integration of environmental protection aspects and requirements in all other relevant policies and policy initiatives.

Therefore, taking into consideration the thematic concentration requirements set out in the CPR and fund-specific rules, as well as the identified development needs, Romania will focus the investment priorities on the following areas:

- Extension and modernization of the water and wastewater infrastructure.

To this end, the measures envisaged to improve the water quality are:

- rehabilitation, extension and modernization of the water and wastewater infrastructure, including advanced waste water treatment for nutrients removal;
- connection of inhabitants to the existing sewage systems and waste water treatment plants, especially in rural areas;
- optimization of the water monitoring system by endowment of specific equipment;

- in terms of water quality improvement, other measures are necessary to achieve good water status under the Water Framework Directive. (e.g. fish ladders at dams).

Beside these basic measures, according with the Water Framework Directive and its River Basin Management Plans, important financial resources should be allocated for the improvement of hydro-morphological conditions, and strengthening of institutional capacity for ensuring the monitoring of priority substances, most of them as a result of a newly approved directive.

- Developing waste management system:
 - consolidation of the integrated waste management systems and institutional development of beneficiaries;
 - supporting the transition to low carbon investments and systems, promoting thus the energy efficiency;
 - 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 usage as secondary raw materials/by-products.
- Restoring and conservation biodiversity, including green infrastructure measures:
 - implement management plans for protected areas already developed;
 - develop and implement management plans for Natura 2000 sites that does not have yet those plans;
 - establish and implement the restoration measures for species and habitats of Community interest;
 - education and awareness on the importance of biodiversity conservation and sustainable use of its components;
 - mapping and assess the distribution of natural habitats of the wild species of conservation concern and develop the national action plans for conservation of species;
 - implement the national monitoring system under the Habitats Directive and Birds Directive;
 - the analysis of the coherence of natural protected areas, including ecological corridors.

At the same time following green infrastructure measures are envisaged:

- Green bridges and eco-ducts re-connect natural areas that have been artificially divided;
- Corridors and elements that connect protected areas them up to form a functioning network;
- Restoration of degraded natural areas in order to create a new space for animals, plants and leisure activities and prevent disasters;

In the forestry area of intervention following requirements are envisaged:

- Expanding the national forest fund through new afforestation measures (35000 ha);
- Supporting sustainable management of private forests: compensations to forest owners for an estimated forest area of 185 000 ha and support forest owners association;
- Monitoring of forest resources;
- Achieving the national forest cadaster.
- Restoration and conservation of marine and inland water biodiversity within sustainable fishing, aquaculture and data collection and control activities:
 - Protection and restoration of marine and inland waters biodiversity through sustainable fishing activities;
 - Protection and restoration of biodiversity from the aquaculture farms through sustainable activities;
 - Protection and restoration of biodiversity through control, inspection and data collection activities;
 - Development of aquaculture innovative measures to support the endangered species and therefore to decrease the pressure on the natural aquatic resources.
- Development and improvement of the National Air Quality Assessment:
 - development and improvement of the national air quality monitoring,
 - 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.
- Optimization and development of the National Environmental Radioactivity Surveillance Network.
 - Increase the number of automatic monitoring gamma dose rate stations at the country level,;
 - Ensure permanent monitoring of SCN-FCN Pitesti platform (which includes a nuclear fuel plant and a reactor Triga II), by placing a ring of automatic monitoring gamma dose rate stations;
 - Optimize the existing water radioactivity monitoring stations (5) and to increase the number of them to 15;
 - Endowment of NERSN with automatic gamma spectrometry monitoring stations of atmospheric aerosols with real time monitoring;
 - Endowment of NERSN with noble gas monitors around Cernavoda NPP and Kozloduy NPP (Romanian territory).
- Rehabilitation of polluted sites, including decontamination and reintroducing the sites into the socio-economic circuit.

Clear investment needs, funding priorities and expected results for contaminated sites sector for the period 2014 - 2020 funding will be established by the National Strategy and National Action Plan for contaminated sites management.

In order to achieve the objectives set by the Nitrate Directive following results are envisaged: build the platforms for proper manure storage and management, endowment with the equipment for manure handling and application on the land, build the facilities for the treatment of liquid part, improve monitoring capacity of the soil and water and farmers training.

Under this objective the investments will be financed from all the ESIF, with the following contributions:

- 24% from the CF national allocation;
- 17% from the EAFRD national allocation;
- 28% from the EMFF national allocation;
- 7% from the ERDF national allocation;

With this contribution from the ESIF, the following main results are expected under this objective:

- with ERDF and CF support:
 - improving quality of life by providing drinking water in adequate quality and quantity
 - reducing pollution discharge in surface water
 - reducing negative effects of waste on the population's health and on the environment and intensify the recycling and re-use of waste
 - achieving levels of air quality by reduction of the pollutants exceeding the ceiling levels
- with EAFRD support:
 - extension and improvement of forest resources
- with EMFF support:
 - preservation of biodiversity, promoting ecosystem services within fishing and aquaculture sectors
- with ERDF support
 - rehabilitation and reintroduction in the social-economic circuit of the polluted sites
 - enhancing contribution of cultural heritage to the economic development

Thematic objective no. 7 - Promoting sustainable transport and removing bottlenecks in key network infrastructure

Taking into account the necessity to reduce the socio-economic development disparities in comparison to other MSs and the fact that an efficient, environmental friendly, flexible, and reliable transport system is an essential condition for economic development, Romania has as one of its strategic objectives the promotion of a

sustainable transport system, which will facilitate safe, fast and efficient movement of persons and goods with appropriate level of services at European standards.

The global objective for 2020 in the transport sector is to complete the infrastructure network through further investments in the TEN-T and the main national and county roads, as well to improve the maritime connectivity and the navigability of the Danube. From urban mobility perspective the general objective is to improve the accessibility of persons and goods at local and regional level. A good urban mobility contributes to the socio - economic development of the localities and to limit the air pollutions through correlation between urban planning with transport development.

The connections among Romania and the MSs markets are not enough developed, some of the Romanian regions haven't connections with major European networks. The national roads network has insufficient capacity in comparison to existing traffic and the maintenance of roads is not at the required level and these lead to increased bottlenecks, accidents, and high level of noxes. The railway network has a large distribution all over the country, but needs upgrading works for infrastructure and modernization of rolling stock. The operations of some lines have to be closed and other lines have to be privatised. The railway system suffers from a chronic lack of maintenance that has been evidenced for many years. Water transport network and air transport need additional investments to attend European standards. A special attention will be paid to intermodality for increasing mobility, removing bottlenecks, and promoting sustainable transport.

The changes that took place in the Romanian economy, the European integration process, and the access into the European markets changed people and goods flows, determining a constant increasing of them. At the same time, the standards for transport network have increased and new regulations concerning environmental protection were adopted.

The transport infrastructure in Romania doesn't meet the requirements of the European markets and of the current stage of globalization. So, it is expected that the future investments in infrastructure to have a high rentability and added-value, and to contribute to increase mobility of people and production factors and economic development of regions.

Ministry of Transport is elaborating the General Transport Master Plan for medium and long term, which will be the background for coordination and economic justification of investments in transport domain. Moreover, the General Transport Master Plan will draft a list of pipe-line projects for 2014-2020 period.

Support from the ESIF will focus primarily on the following investment priorities:

- Modernization and developing of TEN-T core network, for all transport systems (road, rail and water; financing TEN-T regional airports to be decided in the context of the General Transport Master Plan and after the finalization of EC regulations)
- Improving the regional mobility and connectivity through:

- rehabilitation and modernization of rail network, including upgrading of rail stations in heavily trafficked rail nodes, as well as modernizing passenger rolling stock;
- rehabilitation and modernization of the national roads network, including by-passes, ring roads and connections to TEN-T core and comprehensive network;
- the road secondary and tertiary connectivity to the TEN-T, through the rehabilitation and modernization of county and urban road networks;
- rehabilitation and modernization of the local roads, focusing on those which facilitate the access and connectivity to the national and county roads;
- rehabilitation and modernization of waterway infrastructure and modernization of locks and ports, including marinas, as well as support to developing sustainable inland waterway fleets;
- developing alternative way of transport, focusing on intermodal terminals in locations with potential for regional development.
- Increase transport safety and security by:
 - ensuring increased road safety, including modernization of intervention systems and equipment for mitigation of road blockages during heavy snow and other natural calamities;
 - implementation of modern traffic management systems for all transport modes (road, rail, water, and air).

Under this objective the investments will be financed mainly from CF (62% from the CF national allocation), but also through ERDF support (18% from the ERDF national allocation).

With this contribution from the ESIF, the following main results are expected under this objective:

- with ERDF and CF support:
 - facilitate the access and connectivity of passenger and freight
 - encourage use of more environmentally-friendly modes of transport
 - increase transport safety and security by reductions of victims in [road] accidents

Thematic objective 8: Promoting employment and supporting labour mobility

The Romanian vision in the field of employment for 2020 is to reach the 70% national employment rate target set up in the context of Europe 2020 Strategy, 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.

The main challenges for achieving the vision relates to: quality of competences and a better correlation with the demand of the labour market; tailored made measures

for vulnerable groups, including young people and Roma population; existing monitoring tools for the legislation in place; reduction of the fiscal and administrative burden related to the use of workforce; the low competitiveness of the agricultural sector and the reconversion of rural labour force and jobs creation in rural areas. In order to ensure the effectiveness of the future financing measures that are to be promoted under the Cohesion Policy, all the interventions in the field will be made under the frame of the *National Strategy for Employment in the perspective of 2020*, as well as the annual *National Plan for Youth Employment*.

For building a sustainable employment, a special attention will be paid to increasing the labour market participation of young people and other vulnerable groups, improving the quality of labour force supply in line with labour market requirements and amending the legislative framework with a view to encourage job creation.

In the same time, ensuring strengthened labour market institutions will be a priority in the context of future implementation of the new active measures requested by the current challenges on the labour market.

According to the European policy in the field of employment, which pay a high attention to the integration on the labour market of young people, and especially of the NEETs, and based on the main challenges on the Romanian labour market, in the context of economic crises, two main areas of intervention were identified to be addressed by ESIF support, as follows:

- Sustainable integration of young people not in employment, education or training into the labour market (NEETs)
 - increase the participation of young people on the labour market and ensure a smooth transition from education to active life, including by promotion of the apprenticeship system and implementation of the internship system for tertiary education graduates.
 - stimulate self-employment and entrepreneurship for young people;
 - ensure that young people are either in a job, education or (re) training (within four months of leaving school or tertiary education ("youth guarantee" scheme)
 - provide personalized counseling, guidance support, vocational training to young people belonging to NEETs category, including the recognition of non-formal and informal competences, development of general key competences, use of ICT by promoting digital competences and investments in e-competences and development of other relevant skills in order to increase labour productivity especially in highly competitive sectors oriented to growth and job creation.
 - enhancing youth mobility by promoting their access to job offers, internships or apprenticeships available in other areas of the country and by developing EURES services that encourage young people to mobilize and work within the EU.

In order to attend this objective, the measures targeting on NEETs will focus on:

- support to obtain their first job and start a career by providing incentives to employers who hire young people;
 - promoting workplace apprenticeships for young people with low education and without qualification;
 - promoting internships for young hire education graduates;
 - providing vocational training courses in order to address the mismatch between qualifications and labor needs, for a better integration of youth on labor market
 - support for the creation and development of micro-enterprises by young people aiming at strengthening youth entrepreneurship;
 - promoting job opportunities and training for young people across national borders, including familiarity with early youth working environment.
- Access to employment for job-seekers and inactive people, including local employment initiatives and support for labour mobility
 - provide active and preventive labour market measures at an early stage and open to all. Special attention should be given to vulnerable groups and older workers also via integrated pathways by combining individualized support and access to continuous vocational training and by raising the skills level;
 - anticipate training needs and deliver personalized counseling, vocational training and individual support, especially on long-term employment opportunities created by structural shifts in the labour market, in highly competitive sectors such as the shift to a low-carbon and resource-efficient economy;
 - provide the proper incentives to encourage entrepreneurship and business creation, with particular emphasis on emerging sectors, such as the green growth, healthcare and ICT sectors;
 - foster growth and job creation in fisheries and coastal communities by adding value to fisheries activities and products, and diversifying activities in particular towards other maritime sectors.
 - promote new employment opportunities in rural areas through diversification of rural economy: creating new small enterprises and job creation, business start-up aid for non-agricultural micro and small enterprises, investments in non-agricultural activities in rural areas and investments in workforce re-skilling in accordance with the perspectives of rural economic development.
 - deliver integrated programs to facilitate occupational and geographical mobility of inactive persons on labour market.

The measures under this objective will be focused on improving human capital and encouraging labor market participation closely with the areas to be identified by the

National Competitiveness Strategy 2020. Therefore, specific measures have been identified concerning workforce retaining in sectors with growth potential, as follows:

- providing vocational training courses in order to upgrade the workforce skills and /or to retrain the workforce in order to boost its productivity and competitiveness;
- granting free services for assessment of skills acquired in other ways than the formal;
- providing incentives to encourage entrepreneurship and business creation, with particular emphasis on sectors with high competitiveness.

Also, taking into consideration the specificity of the Romanian labour market, with 28% of the workforce comprised in agricultural sector, one of the fundamental conditions for progressing towards a real convergence is to reduce the share of agriculture in the national economy.

The purpose of the set of measures designed by Romanian Government in order to stimulate the transfer of labor force from agriculture and implement by line ministries with responsibilities in the field (Ministry of Labor, Ministry of Economy, Ministry of Agriculture) is to contribute to a better use of existing labor force reserve in agriculture, and in rural areas in general, by transfer it to non-agricultural sectors and therefore changing the structure of national employment.

In this context, promoting conversion into non-agricultural activities, diversification of rural economy, training and educating for the rural population, with emphasis on a better correlation between the labour market needs and professional skills, remain a major challenge for rural areas.

In order to facilitate these changes, the priorities to be addressed with ESIF support looks for:

- creating jobs in non-agricultural activities in rural areas
- training and acquisition of skills remain the main priorities (lifelong learning and vocational training), for raising the skills level of farmers and stimulate entrepreneurship.
- increase and diversify the provision of basic skills and a better correlation between education and training (including practical training) with the labor market needs

Under this objective the investments will be financed mainly from ESF (15% from the ESF national allocation) and EARDF (11% from the EAFRD national allocation), but also with a small EMFF support (2% from the EMFF national allocation) and ERDF support (1% from the ERDF national allocation).

With this contribution from the ESIF, the following main results are expected under this objective:

- with ESF support:

- augmentation of labour force participation , including unemployed or inactive people to labour market
- increase integration of young people to labour market or education or training
- creation of new employment opportunities by stimulating self-employment and entrepreneurship
- with EAFRD and EMFF support:
 - diversifications of work force skills in rural areas, including in non-agricultural activities, as well as fishing sector
- with ERDF support:
 - increasing investments in employment public services

Thematic objective 9: Promoting social inclusion and combating poverty

The Romanian objective for 2020 regarding the social inclusion is related to reducing the poverty risk among people through improvement of the accessibility to social and health services, including through infrastructure development, developing the areas affected by poverty, as well as through promoting the social economy. The main national target by 2020 is to reduce the number of people at risk of poverty or exclusion with 580.000 people compared to 2008.

The main challenges for achieving the vision relates to addressing all the categories of people with limited access to local basic services and infrastructure and all the areas in poverty risk, taking into consideration that the poverty equally affects Roma people and other people in need, while deprived areas can be identified both at the level of urban and rural areas. For this reason, the deprived areas will be approached in a integrated manner, based on the local development strategies and using CLLD instruments.

Also, the measures for vulnerable people, groups and communities, including Roma population, will be correlated and based on the relevant national strategies (anti-poverty, Roma, health and education strategies). Meanwhile, the interventions in the field of social inclusion will be focused on community-based services and the transition from institutional care to community-based services.

Regarding the health sector, which will be addressed mainly in the context of this objective, the global objective for 2020 is to ensure a rationalised development of the sector taking into account that keeping people healthy and active as long as possible has a positive impact on productivity and competitiveness while improving the access of people in need to quality healthcare service.

With this purpose, the investments will be focused both on strengthening public health care and medical assistance by focusing on prevention programs and integrating approach of medical and social care at community level, as well as on the development of health infrastructure.

Therefore, the following investment priorities will contribute to reach this thematic objective, both in the field of social services, as well as in the health sector:

- developing social assistance system

- developing an equitable, sustainable, affordable and high quality social assistance system, benefits and social services for all vulnerable groups, including preventive, integrated and innovative types of services in order to address poverty and social inclusion issues;
- supporting the implementation of the e-social assistance system (e-social services and e-social benefits). The social benefits e-system SAFIR will be extended to the local authorities level and the link with other relevant major electronic databases will be ensured (public finances electronic databases, agriculture electronic registry, employment and pensions electronic registry, as well as civil electronic registry), in order to reduce the risk of error, fraud and corruption in the system;
- increasing the administrative capacity for data collection, analysis, prognosis, strategic planning, monitoring and evaluation of measures, action plans, strategies and policies in the field of social assistance, social care and social inclusion, including through ICT contributions;
- improving the level of skills and competences of professionals in the field of social services and social benefits;
- developing a pro-active, volunteer oriented and participative culture within the general public and social assisted persons and encouraging partnership-based approaches in tackling poverty;
- developing the social services infrastructure (e.g. day-care centers, domiciliary care units, residential centers and social housing);
- focusing on the establishment of social care services at community level;
- Integration of the vulnerable persons, groups and communities, including Roma
 - supporting the development of disadvantaged communities (lack of economic resources, low level of education and employment, lack of infrastructure, including public utilities) in urban and rural areas;
 - improving the quality of social services and ensuring their sustainability;
 - implementing integrated measures to reduce the poverty rate and the risk of social exclusion and ensuring necessary opportunities and resources for increasing participation of vulnerable groups to the economic, social and cultural life, as well as to the decision-making process which affects their lives and access to fundamental rights, through the provision of services in an integrated system of employment, housing, health, education and social services of general interest;
 - improving the access to public services, especially to employment, social, educational, housing and health care services;
 - implementing measures for combating stereotypes and discrimination.
- Supporting social economy and social enterprises

- developing the social economy and social entrepreneurship sectors in order to facilitate the access and participation on the labour market of persons belonging to vulnerable groups;
- supporting social enterprises and social economy activities and ensuring sustainability of social enterprises;
- supporting education and training programmes in order to promote social entrepreneurship, encouraging the transfer of best practices, methods, know-how in the field of social economy and social inclusion;
- supporting the social responsibility of enterprises and the development of dedicated services within them (day care centers for employees' children, kindergardens, elderly care centers etc).
- Promoting and supporting the reform of the national health system
 - strengthening of Public Health care and Medical Assistance by focusing on prevention programs, integrating medical and social care at community level, developing continuous care models with focus on the services provided in ambulatory and community settings as opposite to services provided within hospitals; develop integrated PHC - specialist care with telemedicine support to increase access to specialized services in remote areas;
 - ensuring increased access of both ensured and uninsured population to high quality emergency services through the development of a range of Health Care Infrastructure such as community care, primary health care in remote areas, integrated emergency care, regional emergency hospitals; ensuring access to new diagnostic and therapeutic procedures, long term care; ensuring public health infrastructure.

Under this objective the investments will be financed mainly from ESF (25% from the ESF national allocation) and EARDF (19% from the EARDF national allocation), but also ERDF support (8% from the ERDF national allocation).

With this contribution from the ESIF, the following main results are expected under this objective:

- with ESF support:
 - improving access of disadvantaged groups to basic social services in order to reduce the number of people at risk of poverty and social exclusion
 - augmentation of labour market participation of people at risk of poverty or social exclusion
 - strengthening the access to Public Health care services and Medical Assistance
- with ERDF support:
 - increasing investments in social infrastructure
- with EARDF support:
 - improving access to basic social services in rural area

- increasing investments in small scale infrastructure in rural area

Thematic objective 10: Investing in education, skills and lifelong learning

The global objective for the education system for 2020 is mainly related to enhancing the competences of children, youth and workforce in Romania, in order to match the market needs, through preventing and correcting early school leaving, increasing participation, attainment and completion of tertiary education and improving and diversifying the education and training offer, including in order to answer to the labour market demands, for a wide participation in LLL.

The main target by 2020 are: to reduce the share of early school leavers down to 11.3%, to increase tertiary attainment of 30-40 years olds to 26.7% and to promote LLL, rising up to 10% the participation in CVT programs of active population.

To reach the global objective, the main challenge is to improve quality of education and training in all areas: human resources, content, endowment, infrastructure, good governance, financing, monitoring and evaluation.

With this purpose, according to the result of the socio-economic analysis, the investment priorities will be oriented to increasing the attractiveness of early, primary and secondary education, enhancing access to and supporting participation in tertiary education, enhancing access to adult learning opportunities, including ICT skills, delivered in flexible formats and informal contexts, as well as improving educational infrastructure at all levels, as follows

- Promoting equal access to good quality education (early childhood education, primary and secondary education) and reducing the rate of early school leaving, through:
 - support to elaborate and implement inclusive policies and practices within the pre-university education; implementing prevention, early intervention and remedial measures to reduce ESL, through support and remedial programmes/measures, and access to alternative education pathways, such as “second chance” education, with special focus on rural areas and roma;
 - increase participation, affordability and quality of early childhood education and care (0-6 years old), particularly in the age group 0-3 years old;
 - supporting programmes, actions and measures aiming to include children and youth with special educational needs in education, vocational education and training; integration on the labour market of the young people with disabilities, including creation and development of protection workshops;
 - increasing the attractiveness of the education and vocational training system, including through information campaigns, guidance and counseling, vocational skills competitions, and supporting young people enrolled in the compulsory education to get acquainted with the future jobs, qualifications and/or career opportunities, with special focus on rural

- areas and Roma;
- promoting quality assurance systems in education and vocational training, in compliance with the European Quality Assurance Reference Framework;
 - developing and implementing evidence based policies, in order to increase the access to, participation in and quality of education, aiming to reduce early school leaving with special focus on rural areas and Roma;
 - improving teachers, trainers, managers and school staff competences, use of quality assurance and monitoring systems, including initial and continuing training of the teachers, trainers and specialised staff working in education and vocational training system;
 - development of educational content, including use of ICT, promoting creativity and combating stereotypes in education and training.
 - Improving the quality, efficiency and openness of the tertiary education, in order to increase the share of tertiary education graduates, through:
 - supporting students, in particular those coming from poorly represented groups and vulnerable groups (with special attention for those coming from rural area), in order to increase access to tertiary education and to open higher education opportunities for non-traditional students, as well as, supporting adult students;
 - making access to higher education more flexible, including through the partial recognition of competences/credits granting for post-secondary education graduates having high-school degree;
 - improve the governance and management of higher education institutions in order to improve the quality of teaching methods in tertiary education, and the development and use of innovating technologies, including open educational resources, in order to offer a high quality education, including opportunities to improve and upgrade the teachers and researchers competences, and to develop an attractive system of higher vocational education;
 - support the internationalization of higher education, including advanced research and mobility;
 - supporting the improvement of the relevance of higher education programmes for the labour market needs, including through an increased focus on problem solving, creativity and development of entrepreneurial skills;
 - developing and strengthening the partnerships between higher education institutions, business environment and research institutes
 - 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, through:

- implementation of lifelong learning strategy, in collaboration with social partners, through various and flexible actions, activities and programmes;
 - implementing instruments to promote quality and accessibility of education and training, development of key and transversal competences at all educational levels, and creating flexible pathways within the education and vocational training system, and between the education system and the labour market;
 - adaptation of education and vocational training to the labour market demands, increasing the relevance of education and vocational training offer by anticipating the labour market needs and matching between supply and demand, and ensuring the applicability of the learning process by developing on-the-job training through apprenticeship schemes, internships and mobility, including a smooth transition from school to work;
 - strengthening the capacity of IVT and CVT providers to deliver attractive and qualitative education and training programs in correlation with the labour market demands, especially in future growth potential sectors, in order to ensure the complementarity with the competitiveness strategy;
 - promoting partnerships/networks among social partners, companies and training providers, in order to increase access to and relevance of education and training for the labour market needs;
 - supporting lifelong learning through the development and implementation of learning programmes in non-formal contexts;
 - supporting the development of adult learning systems, in compliance with high quality standards; and enhancing competences and skills of adults, including migrants and elderly people.
- Increasing access to quality education by developing the education and training infrastructure, including cultural establishments, involved in LLL
 - developing infrastructure to ensure access to early childhood development and care in all communities;
 - improved access to quality education and training for children from disadvantaged areas through development of school campuses, school transport facilities;
 - modernizing and developing school, higher education institutions and vocational training providers infrastructure, with a special focus on rural areas, according to national quality standards;
 - modernizing and developing education and training through improved educational infrastructures and resources (including ICT resources, laboratories, workshops, practice farms for agricultural schools) accessible for all;
 - Ensuring access to LLL and flexibility of the educational and training offer

by creation, management and development of the National e-learning platform and the National virtual library.

Under this objective the investments will be financed mainly from ESF (25% from the ESF national allocation) and ERDF (8% from the EAFRD national allocation), but also with a small EARDF support (1% from the EARDF national allocation).

With this contribution from the ESIF, the following main results are expected under this objective:

- with ESF support:
 - preventing and combating ESL and increasing re-enrolment in school in order to reduce early school leaving (ESL)
 - improving skills and competences required in labour market by increasing the share of population with tertiary education and encouraging the access to professional development, including lifelong learning programs
 - increase participation and access to quality education and training at all levels
- with ERDF support:
 - increasing investments in education infrastructure
- with EARDF support:
 - fostering lifelong learning and vocational training in rural areas

Thematic objective 11 - Enhancing institutional capacity and an efficient public administration

Enhancing the institutional and administrative capacity is an important element necessary to assist structural adjustments. Reducing regulatory administrative burdens helps also to increase productivity and strengthen competitiveness. In this regard, Romania needs interventions in order to reduce the administrative burdens on citizens and businesses and to increase the transparency and quality of public administration, as well as the efficiency in public service delivery (including by expanding skills in policy development, organizational innovations, e-government and public procurement of innovative solutions).

The Romanian vision for 2020 is to create a modern and strong public administration able to offer high quality acts of governance and to ensure a performing and transparent decision-making process leading to implementation of predictable and solid public policies, in correlation with the budget.

The main challenge is related to the lack of an integrated approach for increasing administrative capacity and efficiency of public institutions, which should be based on a thorough assessment of the systems main shortcomings. Other challenges can be summarized as follows: insufficient demand at the decisional factors' level for impact assessments as tools for substantiating the promoted public policies; reduced institutional capacity for coordinating public policies; an inefficient system for correlating public policies with the budget; reduced capacity of human resources within the institutions of central public administration to elaborate and substantiate public policies.

According to these challenges, a *Strategy on strengthening the efficiency of public administration 2014-2020* is currently under elaboration, based on a sound and critical analysis of the structural causes to be carried out. 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 updated Better Regulation Strategy aiming at strengthening the public policy formulation system.

An important attention will be paid to *E-Government instruments*. The E-Government allows citizens, business environment and public organizations to achieve their goals much easier, much faster and with a lower cost. *Assuring the systems' interoperability* will significantly encourage the delivery of electronic public services by governance and adequate processes, in compliance with EU's policies and objectives and through secured exchange of information. To this end, the measures regarding developing, introducing and supporting the use of e-government instruments should not be limited to informatic systems, but involve rearranging organizations and processes so that public services can be delivered more efficiently. The e-government measures will be financed through the ESIF only for those ministries which are undergoing holistic modernisation schemes, guaranteeing their overall functionality.

Romania will pursue actions to improve its electronic systems interoperability through a pragmatic perspective, and a set-oriented database system an introduction of the government's cloud, which means lower operating costs, flexibility in the development of new online services and alignment with the European standards. Developments in the e-Government and cloud computing requires the standardization of the databases, work procedures, implicitly leading to a faster and more transparent public service.

Improvement of the online services will be conducted with the direct involvement of end users through e-participation mechanisms and by social media, conditioned by extensive broadband connections nationwide.

Another strategic objective for Romania in order to improve the quality and access to public services is *to make an accurate and complete evidence of all real estate*. Achieving cadaster throughout the country will create the premises for an efficient public administration of the budgetary resources and is a good tool for managing and accessing EU funds. To this end, Romania needs to implement a coherent and correlated system including all the immovable, through systematic cadastre works and registration of all immovable. The ESIF support will be used to register in Cadastral system the rural land, in order to improve the security of land property rights and the functioning of rural land markets.

The following investment priorities had been identified so far in order to reach the objective of an efficient and quality public administration:

- Increasing the institutional capacity and the efficiency of public administration and services, including law enforcement agencies, in order to implement the reforms, to achieve a better regulation, to protect the economy against criminal threats, penetration of criminal elements and increase the level of cyberspace security and to ensure good governance, at all levels:
 - reforming of public policy, better regulation and governance
 - improving the ministries' capacities in preparing impact assessments with a view to underlie public policies documents and complex legislation, including the introduction of the methodology for quantifying and reducing administrative costs for the new draft legislation;
 - linking public policies to the budget by improving the implementation of existing strategic planning framework;
 - Introducing an annual planning and prioritization tool of the government activity in order to increase the predictability of decision making;
 - improving institutional capacity and human resources at the level of the central government (General Secretariat of the Government and ministries) and ministries to coordinate and monitor government policies, focusing on the continued implementation of the action plans resulted from the Functional Review on the Central Public Administration;
 - management, monitoring and evaluation systems at the level of institutions and public services in order to continuously improve their efficiency and quality and to adapt to system changes/challenges and citizens' needs;
 - transparency and accessibility in the public administration;
 - developing and implementing human resources strategies and policies
 - reinforce the human resources management capacity, by developing proactive human resources strategies within public administrations, rationalising the evaluation and promotion systems and providing management trainings to public managers
 - raise the professionalism and attractiveness of the public administration, encouraging harmonisation of remuneration, ensuring transparent recruitment processes and strengthening its independence
 - strengthening the capacity of those involved in drawing up and implementation of public policies, and for concluding territorial and sectoral pacts in order to implement reform measures at all levels (national, regional and local level)

- increasing the administrative capacity thus to be able to develop partnerships at all territorial levels for employment, social inclusion, education, health or other reforming sectors
- developing and implementing measures to improve the quality of public services and increasing access to them on a decentralised basis
- developing, introducing and supporting the use of e-government instruments, designed with a holistic organizational and modernization scheme and accompanied by training to upgrade the skills of the public employees to use e-government tools;
- developing a national cadastral system which will allow public authorities access to official information and updates regarding property and owners;
- Strengthening institutional capacity and the efficiency of public administration involved in implementation of interventions financed from ESIF
 - ensuring enough, stable and qualified personnel for coordinating, managing and controlling the ESIF in Romania;
 - strengthening the administrative capacity and ensuring the necessary tools for coordinating, managing and controlling the ESIF, including by ensuring the SMIS functioning;
 - strengthening the administrative capacity of beneficiaries for implementing the projects financed from ESIF;
 - disseminating information and ensuring the communication regarding structural instruments.

The *justice* sector will be also addressed under this thematic objective. The global objective for 2020 is to ensure a more transparent and *efficient judiciary system*. To this aim, financing is needed for strengthening the organisational and administrative capacity of the judiciary institution, 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 IT infrastructure in order to undertake a sustainable reform process.

Considering the recommendation of the CVM report, the findings of the Romanian Judicial Functional Review, as well as the other justice system priorities, the following priorities for the judiciary will be financed from ESIF 2014-2020:

- strengthening the organizational and administrative capacity of the judiciary institution;
- the development of the human resources;
- enhancing the accountability and the transparency of the judiciary;
- improving the IT infrastructure (IT equipment and e-justice) of judiciary;
- improving the access to justice.

Under this objective the investments will be financed mainly from ESF (34% from the ESF national allocation), with a small EARDF support (3% from the EARDF national allocation), as well as a small EMFF support (0,5% from the EMFF national allocation). With this contribution from the ESIF, the following main results are expected under this objective:

- enhancing administrative efficiency, including judicial system

Table no. 2 - Indicative indicators by Thematic Objectives

Thematic objective	Indicative indicators proposed to be used at the PA level	Indicative additional indicator proposed to be used at the OP level ¹⁵
1. Strengthening research, technological development and innovation	<ul style="list-style-type: none"> ▪ Gross domestic expenditure on R&D (GERD), % of GDP - <i>Indicator targeted by Europe 2020 strategy</i> ▪ Business enterprise expenditure on R&D (BERD), % of GDP ▪ SMEs innovating in-house, % total SMEs 	<ul style="list-style-type: none"> ▪ Research and development personnel, % of labour force
2. Enhancing access to and use and quality of information and communication technologies	<ul style="list-style-type: none"> ▪ e- services use by citizens (last 12 months), number ▪ National coverage by high-speed Internet access, % ▪ Enterprises having purchased/ received orders online, % of enterprises with at least 10 persons employed 	<ul style="list-style-type: none"> ▪ Share of firms with broadband access (by size), % ▪ Households that have broadband access, % of households ▪ Enterprises using the Internet for interaction with public authorities, % of enterprises with at least 10 persons employed
3. Enhancing the competitiveness of SMEs, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF)	<ul style="list-style-type: none"> ▪ Rates of individual entrepreneurial activity (new entrepreneurs/population) ▪ SMEs share of GDP, % ▪ Share of employment in SMEs, % total labour force 	<ul style="list-style-type: none"> ▪ Business survival rate (over 12 months), %
4. Supporting the shift towards a low-carbon economy in all sectors	<ul style="list-style-type: none"> ▪ Greenhouse emissions as compared to the reference year 1990, million tons of CO2 equivalent - <i>Indicator targeted by Europe 2020 strategy</i> ▪ Share of renewable energy in gross final energy consumption, % - <i>Indicator targeted by Europe 2020 strategy</i> ▪ Final energy consumption, 1.000 tonnes of oil equivalent - <i>Indicator targeted by Europe 2020 strategy</i> 	<ul style="list-style-type: none"> ▪ Primary production of renewable energy, 1 000 tonnes of oil equivalent ▪ Primary energy consumption of residential/ public buildings, kWh/year

¹⁵ programme-specific indicators

5. Reducing vulnerability to risks, supporting adaptation to climate change and developing disaster management systems	<ul style="list-style-type: none"> ▪ Population benefiting from natural hazards protection measures, ▪ Area with increased capacity to prevent and mitigate floods and extreme weather conditions, hectares 	
6. Protecting the environment and promoting resource efficiency	<ul style="list-style-type: none"> ▪ Share of population connected to public water supply, % of total population ▪ Share of population connected to wastewater collection and treatment systems, % of total population ▪ Average annual change of forest and other wooded land (FOWL), % 	
7. Promoting sustainable transport and removing bottlenecks in key network infrastructure	<ul style="list-style-type: none"> ▪ Accessibility index¹⁶ 	<ul style="list-style-type: none"> ▪ Modal split of passenger transport, % in total inland passenger-km ▪ Modal split of freight transport, % in total inland freight tonne-km
8. Promoting employment and supporting labour mobility	<ul style="list-style-type: none"> ▪ Employment rate, % population aged 20 -64 - <i>Indicator targeted by Europe 2020 strategy</i> 	<ul style="list-style-type: none"> ▪ Young people not in employment, education or training (NEET) ▪ Persons registered with Public Employment Services, number
9. Promoting social inclusion and combating poverty	<ul style="list-style-type: none"> ▪ People at risk of poverty or social exclusion, % of total population and 1 000 persons - <i>Indicator targeted by Europe 2020 strategy</i> 	<ul style="list-style-type: none"> ▪ People living in households with very low work intensity, % and 1 000 persons
10. Investing in education, skills and lifelong learning	<ul style="list-style-type: none"> ▪ Early leavers from education and training, % of population aged 18-24- <i>Indicator targeted by Europe 2020 strategy</i> ▪ Share of population aged 30-34 with tertiary level of education or equivalent, % - <i>Indicator targeted by Europe 2020 strategy</i> ▪ Persons of the age 20 to 24 having completed at 	<ul style="list-style-type: none"> ▪ Participation in early childhood education, % of the age group between 4-years-old and the starting age of compulsory education ▪ Employment rate of recent graduates, by sex and educational attainment level, % ▪ Participation in life-long learning, %

¹⁶ General MasterPlan, Ministry of Transport

	least upper secondary education, %	
11. Enhancing institutional capacity and an efficient public administration	<ul style="list-style-type: none"> ▪ Government Effectiveness¹⁷ ▪ Supply of e-government services to citizens (by publicly accessible websites) ▪ Efficiency of civil justice¹⁸ 	<ul style="list-style-type: none"> ▪ e-Government services use by citizens in the last 12 months, number ▪ e-Government use by small enterprises (10-49 employees) in the last 12 months, number ▪ share of rural areas registered in the cadastral system, %

¹⁷ Worldwide Governance Indicators, World Bank

¹⁸ Composite indicator, Excellence in public administration for competitiveness in EU MSs, 2012, DG *Enterprise and Industry*

1.4 Indicative allocation by ESIF and Thematic Objective

This chapter presents basic information on financing the Partnership Agreement.

As a consequence of the fact that the negotiation on the EU's 2014-2020 budget is still ongoing all the amount values/percentages presented into this chapter are informative.

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 € 26 bn (net amount without the Performance Framework and Connecting Europe Facility). 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.

The allocation from the European Agricultural Guarantee Fund is around € 10 bn.

Romania will invest ESIF through OPs as follows:

Tabel no. 3 - The allocation (% from ESIF) by Operational Program

(billion Euros)

Eu Policy	Operational Program (OP)	Amount	% from ESIF
European Cohesion Policy	Large infrastructure OP	6.98	27
	Human Capital OP	2.18	8
	Administrative Capacity OP	0.96	4
	Regional OPs	6.99	27
	Competitiveness OP	1.35	5
	Technical Assistance OP	0.3	1
European Teritorial Cooperation	Teritorial Cooperation Program Romania - Hungary	0.6	2
	Teritorial Cooperation Program Romania – Bulgaria		
Common Agricultural Policy	Rural Development OP	6.60	25
	Fisheries OP	0.22	1

Note: 53% from total amount is allocated to TOs 1-4, which are primarily concerned for generating smart and sustainable growth through investment in production. 44% from the total amount is allocated TOs 5-7 for investing in energy, environment and transport, reflecting the concentration of all CF support in this area. 28% is

allocated to TOs 8-11 for investing in skills, social inclusion and related infrastructure.

The allocations by thematic objectives and funds are presented into the table below. It is to be mentioned that OT11 included technical assistance (Technical Assistance OP and Technical Assistance within Regional OP, Administrative Capacity OP, Rural Development OP and Fisheries OP).

Tabel no. 4 - The indicative allocation of support by the Union by thematic objective at national level

(billion Euros)

Thematic Objectives 2014-2020		ERDF	ESF	CF	EAFRD	EMFF	TOTAL	Indicative Financial Weighting (%)
1	Strengthening research, technological development and innovation	0.77	0.00	0.00	0.04	0.00	0.81	0,03
2	Enhancing access to, and use and quality of, information and communication technologies	0.85	0.00	0.00	0.02	0.00	0.87	0,03
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).	0.80	0.00	0.00	2.57	0.10	3.47	0,13
4	Supporting the shift towards a low-carbon economy in all sectors	2.20	0.00	0.25	0.15	0.00	2.60	0,08
5	Promoting climate change adaptation, risk prevention and management	0.00	0.00	0.700	0.50	0.00	1.20	0,05
6	Protecting the environment and promoting resource efficiency	0.61	0.00	1.700	1.12	0.06	3.48	0,14
7	Promoting sustainable transport and removing bottlenecks in key network infrastructures	1.52	0.00	4.33	0.00	0.00	5.85	0,25
8	Promoting employment and supporting labour mobility	0.10	0.47	0.00	0.72	0.04	1.33	0,05
9	Promoting social inclusion and combating poverty	0.70	0.78	0.00	1.26	0.00	2.74	0,11
10	Investing in education, skills and lifelong learning	0.65	0.77	0.00	0.05	0.00	1.47	0,06
11	Enhancing institutional capacity and an efficient public administration (including Technical Assistance)	0.45	1.11	0.00	0.18	0.01	1.75	0,07

SECTION 1B

1.5 Application of horizontal principles and policy objectives

This section presents a summary description of the arrangements made in order to ensure compliance with the horizontal principles, in programming, implementation, monitoring and evaluation of the ESIF. It describes the planned approach to partnership, promotion of equality between men and women, non-discrimination, as well as sustainable development, taking account of experience in the 2007-2013 period.

1.5.1 Partnership

Partnership in the preparation of the Partnership Agreement for 2014-2020

The partnership principle represents a key aspect in the programming and implementation process of the ESIF for 2014-2020 period. 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 preparation and implementation process, as well as that of ensuring a sense of 'ownership' at the level of all actors involved. To this aim, Romania will encourage collaboration of policymakers and practitioners, as well as integrated actions at the relevant sector or territorial level, in order to improve the effectiveness of policy implementation.

For the preparation of the 2014-2020 programming documents, an extensive partnership framework has been designed and implemented. This is being facilitated by MFE (former MAEur) under the leadership of the Minister and with UAPE providing secretariat support.

A Memorandum approved by the Government on 13 July 2012 establish preparatory actions on programming ESIF and strengthening implementation of the funds for the 2014-2020 period. In line with the provisions of the Memorandum MFE (former MAEur) has convened an Inter-institutional Committee for Partnership (CIAP) and 12 consultative committees for each of the sectors concerned and for the regional development and territorial dimension to debate and agree:

- the major coordinates of the programming process of ESIF for 2014-2020.
- the Strategic Framework for Development of Romania 2014-2020.
- the Partnership Agreement.

The membership of CIAP comprises representation from all of the organisational types prescribed by Article 5(1) of the Common Strategic Framework. Working Groups comprising members of the CIAP have been formed to work on specific aspects of preparation.

The committees include relevant members of central, regional and local public authorities, as well as from the economic, social, academic, university, scientific and non-governmental sectors. The role of the consultative committees is to prioritise investments at sector and regional level, based on the documents prepared by working groups. The key activity areas for the working groups, as well as their membership is decided by each consultative committee, with a view to maximizing efficiency and effectiveness of the consultation. Proposals formulated by each consultative committee are discussed in the framework of CIAP, which is charged with agreeing the design of programmes, as well as implementation, monitoring and evaluation arrangements.

The work of the CIAP will be based on public consultation on Strategic Framework for Development of Romania 2014-2020 launched by MFE.

In addition to setting the main strategic objectives and intervention priorities for the ESIF, the partnership framework aims to ensure:

- 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.

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 so that inclusion, 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, guidance will be developed for the MAs to ensure partnership, including at regional level, for all programme stages (programming, implementation, monitoring and control).

1.5.2 Equal Opportunities

As a committed member of the European family, respect for human dignity and equal opportunities are fundamental values for Romania. 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. Old 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 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.

General Arrangements

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. Adequate levels of information will be provided for all actors involved, in order to encourage active participation free from discrimination.

The partnership structures created will include representatives of the bodies responsible for promoting equality between men and women, as well as those fighting against other forms of discrimination. A balanced representation of men and women will be encouraged at the level of all the committees and working groups created in relation to programming, implementation, monitoring and evaluation of the Funds and actions will be taken in order to eliminate any risk of discrimination.

Equality of women and men, as well as equal opportunities for the vulnerable groups, young people, ethnic minorities, especially Roma, disabled people and people with learning difficulties will be promoted at all levels, in the framework of the interventions planned under the OPs.

Equal opportunities will be supported both through dedicated actions, within the different OPs, as well as by horizontal mainstreaming in individual projects. This will be reflected in the standard contract obligations placed upon beneficiaries.

Dedicated actions promoting labour market and social inclusion of equal opportunities target groups will be financed under the ESF. In addition, actions with an equal opportunities objective will target improvement in housing conditions, improved access to education, health and social services, together with the supply and modernization of the related infrastructure.

Horizontal integration. The principle of equal opportunities will be promoted in the design, selection, implementation and monitoring of individual projects. For example, training projects may be made more accessible to women through consideration of the timing and location of their delivery or through provision of wrap-around support such as childcare.

Information and awareness-raising campaigns and events will be organized, in the framework of various projects, aimed at promoting the principle of equal opportunities on a large scale.

The authorities responsible for the programmes will provide information and advice on applying the concept at project-level. Training may be organised involving contributions from specialist institutions and NGOs.

Monitoring of Equal Opportunities

As coordinating authority, MFE will support the relevant institutions in ensuring the correct application of the equal opportunities principle, in line with the national and community legislation (Law 202/2002 regarding the equal opportunities for women and men, at national level). The National Agency for Roma people, the National Agency for Equal Opportunities and the National Council for Fighting Discrimination will also contribute to the correct application of this principle.

Compliance with equal opportunities will be monitored in the Annual Implementation and progress/strategic reports of the OPs and the PA, as well as at beneficiary level through progress reports. Moreover, compliance with the equal opportunities principle will be assessed as a standard requirement in all evaluations conducted.

1.5.3 Sustainable development

General Arrangements

The Romanian Government is committed to ensuring that economic growth and development are achieved in a sustainable manner as required under EU Treaty. In addition, the implementation of OPs will protect and mitigate damage to the environment that is a concomitant of operations.

In developing the 2014-2020 programming documents, special attention will be devoted to this principle and dedicated to horizontal actions that support sustainable development.

Dedicated actions in the field of sustainable development will include actions to promote energy efficiency and use of renewable energy sources, reduction of pollution and emissions, including in the agricultural and forestry sectors, promotion of a environmental friendly development, investments in the water and waste sectors, as well as related to polluted soils or air quality and biodiversity. Use of modern, non-polluting technologies and materials, resource savings will be encouraged, together with the use of ICT and innovative methods of working and learning.

The potential for each project to contribute to sustainable development will be taken into account in the development and approval stages. To the same end, Environmental Impact Assessments (EIA) will be conducted on infrastructure and investment individual projects according to national and EU legislation (GD 918/2002 establishing the framework for environmental impact assessment, with the subsequent amendments and completions, and Ministerial Orders approving the manuals and guides on EIA).

Monitoring of Sustainable Development

As coordinating authority, MFE will support the specialist institutions in ensuring the correct application of the sustainable development principle. The Ministry of Environment and Climate Changes and the related agencies will also contribute to the correct application of this principle.

Building on the lessons of 2007-2013, the substantive contribution of projects to sustainable development will be monitored closely, through progress reports and monitoring visits involving the specialist institutions and reported to the MC. This will also be reflected in the Annual Implementation and progress/strategic reports of the OPs and PA. Moreover, the compliance with the sustainable development principle will be analysed, as a standard requirement in all evaluations conducted. Responsible authorities will have a pro-active approach to this issue and will encourage and verify the adequacy of its application at project level.

1.5.4 Horizontal policy objectives

State Aid

The community 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.

In present, according to the national legislation entered into force, the Romanian Competition Council monitors the state aids awarded in Romania based on the reports, information and data sent by the state aid grantors in legal deadlines. In this respect, the Competition Council draws up and updates the State Aid Inventory,

elaborates the Annual State Aids Report, and any other report necessary to fulfilling Romania's commitments in the field of State Aid as a EU MS.

From the institutional point of view, within the Competition Council there is a team of experts with responsibilities in monitoring the state aid measures implementation, including following the endeavours made by the grantors for reimbursement, provisory suspension of the unlawful state aid, respectively the misused state aid. Also, at the national level, the Competition Council 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.

In parallel, 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 and shall give support to the Public Servant Agency in order to prepare the training programme for the management authority in the state aid field.

2 ARRANGEMENTS TO ENSURE EFFECTIVE IMPLEMENTATION

2.1 Arrangements for Coordinating EU and National Funding Instruments

2.1.1 Arrangements for Coordination Between ESIF

In order to achieve the objective for growth and jobs, Romania intends to use ESIF in order to achieve the thematic objectives.

In this respect, in order to enhance the competitiveness of small and medium size enterprises, the agricultural sector and the fisheries and aquaculture sector it is intended to have tailored measures for increasing the skills of the labour force together with measures for improving the relevance and quality of education and vocational training systems for the labour market, in the fields identified as the most competitive.

Also, in respect to achieving the thematic objective for promoting social inclusion and combating poverty the ERDF, ESF and EAFRD will be used in a complement manner as for the disadvantaged communities there is a strong need for horizontal measures regarding the reducing of the rate of early school leaving together with access to school facilities, creating the premises to develop the business environment in these areas together with building up the skills for the labour force and not in the last place building the infrastructure needed to increase the accessibility. In addition, EMFF will be coordinated with the other ESIF and other instruments in order to promote, in fisheries areas, objectives related to enhancing the competitiveness of small and medium-sized enterprises, the shift towards a low-carbon economy, protecting the environment and promoting resource efficiency, employment and supporting labour mobility and social inclusion and combating poverty.

As far as the modernisation of the administration thematic objective this will be developed in coordination with the thematic objective enhancing access to and use and quality of information and communication technologies. The concerned

Romanian authorities will develop the proper e-government tools in strong collaboration with the development of the Digital Agenda, in order to ensure effectiveness and interoperability of systems.

The main document that will provide the objectives where the ESIF will be used in a complement manner is the Strategy for competitiveness. This document will coordinate the approach proposed by the sectorial strategies as RDI Strategy, Strategy for employment, regional development plans, Strategy for reform of the administration, in order to target needs of development in those fields where investments can bring more added values and contribute to the achievement of the objective for growth and jobs.

Table no. 5 - Indicative proposal by type of investments and institutional structures

Management Authority (MA)	Operational Program (OP)	Fund	Type of investments	Intermediate Body (IB)
Ministry of European Funds (MEF)	Large Infrastructure OP	CF	- road infrastructure TEN-T	Department of Infrastructure Projects and Foreign Investments (DIPFI)
			- railway TEN -T - harbors TEN –T (navigation to be decided)	Ministry of Transport (MT)
			- public utilities services (water and used water, waste management) - risk prevention and climate (structural measures: dikes, coastal areas and non-structural measures of risks, including draught), Nature 2000, biodiversity, etc.	Ministry of Environment and Climate Change (MSCC)
			- energy efficiency in industry (production, transport and distribution for renewable energy, cogeneration thermo and electrical systems)	Ministry of Economy (ME)
	Human Capital OP	ESF	- employment, social inclusion, strengthening institutional capacity of National Agency for Employment	Ministry of Labour, Family, Social Protection and Elderly (MLFSPE)
			- education and training	Ministry of National Education (MNE)
	Competitiveness OP	ERDF	- research, development and innovation (including for the large enterprises)	Ministry of National Education (MNE)
			- Digital Agenda (broadband and different IT infrastructure and interoperability)	Ministry for Informational Society (MIS)
	Technical Assistance OP	ERDF	- Horizontal technical assistance for management of structural and investment funds	-

Management Authority (MA)	Operational Program (OP)	Fund	Type of investments	Intermediate Body (IB)
Ministry of regional development and Public Administration (MRDPA)	Administrative Capacity OP	ESF	<ul style="list-style-type: none"> - strengthening administrative capacity - modernizing the judicial system - e-government (e-health, e-justice, e-education etc.) - management system - cadastre 	-
	Regional OPs	ERDF	<ul style="list-style-type: none"> - local road, railway and harbor infrastructure - urban /local development (including public transportation and related infrastructure cultural heritage, sport facilities, multifunctional facilities) - energy efficiency (including rehabilitation of networks if the case may be) - education and social infrastructure - health infrastructure - competitiveness and business environment for SMEs, including financial instruments 	Regional Development Agencies (RDA)
	European Territorial Cooperation OPs	ERDF	<ul style="list-style-type: none"> - Territorial Cooperation Program Romania - Hungary - Territorial Cooperation Program Romania – Bulgaria 	-
Ministry of Agriculture and Rural Development (MARD)	Rural Development OP	EARDF	- investments in agriculture and rural development	Payments Agency for Rural Development and Fisheries (PARDF)
		EARDF	- public infrastructure in rural areas (roads, water, used water waste community center)	Ministry of Regional development and Public Administration (MRDPA)
	Fisheries OP	EMFF	- sustainable fisheries and aquaculture investments (both private and public)	-
	Direct Payments	EAGF		-

The transition to this structure will enhance potential for:

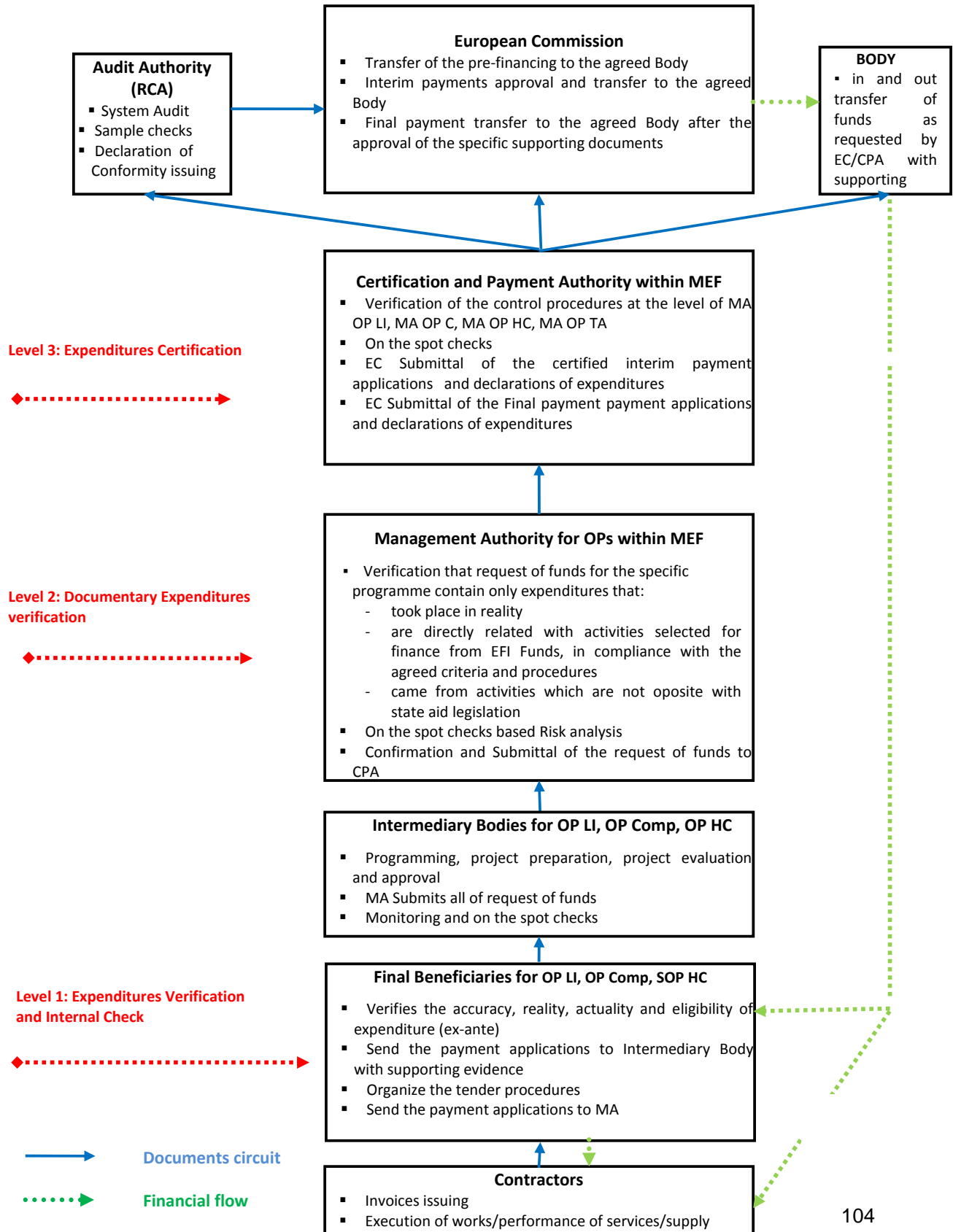
- greater coordination between the ESIF and between the ESIF and other EU and national funding sources.
- more co-ordinated and integrated intervention

The responsibilities of Managing Authority as specified under Article 114 of the Common Provisions Regulation will rest with the designated institutions. However, MEF will be national coordinator with responsibilities including:

- Romania's bilateral relationship with the EC.
- representing Romania on EU-level committees and working groups.
- preparing the Partnership Agreement and their coordination with the National Reform Programme.
- oversight of the preparation of Operational Programmes and ensuring coordination of the actions planned under each OP.
- guardianship of the Partnership Agreement.
- monitoring and evaluating Romania's progress in relation to the TO underpinning Europe 2020.
- facilitating coordination between MAs, Ministries and IBs; establishing and stimulating thematic, sectoral and territorial Working Groups comprising relevant partners.
- establishing procedures, documentation and structures necessary to the effective management and implementation of the ESIF.
- coordinating with the Audit Authority to ensure on-going compliance management and control in relation to use of ESIF.
- coordinating with the Certifying and Paying Authority to ensure effective and sound financial management of the ESIF.
- coordinating with the National Authority for Regulating and Monitoring Public Procurement to ensure an appropriate framework for procuring in the framework of the projects financed from ESIF.
- developing and implementing the Communications Strategy for ESIF.
- managing evaluation culture, preparing Romania's Evaluation Plan, commissioning research, disseminating findings.
- developing and maintaining the Single Management Information System (SMIS).
- training.
- technical Assistance.

The role and legal position of MEF will be revised to enable its national coordination functions to be exercised effectively. The relationship with the corresponding MAs and IBs, as well as other relevant institutions (such as the NARMPP or the AA) will be revised as to ensure a proper and effective coordination. It is envisaged to build up a core of professionals at the level of MEF, in order to analyse and evaluate the synergies and complementarities between the interventions planned and to pro-actively address all the horizontal issues relating to the management and implementation of the ESIF.

Procedures and cash-flow scheme for the OP's managed by MEF for 2014 - 2020 programming period



2.1.2 Arrangements for coordination of the ESIF with other Union and national funding instruments and the EIB

To be further developed

2.2 Ex-ante verification of compliance with the rules on additionality

At National Level

Tabel no. 6 – Expenditure of the General Government as a share of GDP

Expenditure of the General Government as a Share of GDP	2014	2015	2016	2017	2018	2019	2020
P51							

At regional level for MS in which less developed and transition regions cover more than 15% and less than 70% of the population

Tabel no. 7 – Gross fixed capital formation of the General Government in the less developed and transition regions as a share of GDP

Gross Fixed Capital Formation of the General Government in the Less Developed and Transition Regions as a Share of GDP	2014	2015	2016	2017	2018	2019	2020
P51							

The information will be provided by the National Prognosis Commission, in line with the final version of the methodology provided by the COM

2.3 Summary 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.

- (i) The tables below contains 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.

Table no. 8 - Summary of all applicable general and thematic/fund-specific ex-ante conditionalities at national level

Applicable Exante 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. 	All criteria shall be fulfilled by the National RDI Strategy 2014-2020	Deadline: October 2013 for completion of the National RDI Strategy 2014-2020; December 2013 for adoption as Government Decision. Deadline: October 2013 for completion of the National RDI Strategy 2014-2020; December 2013 for adoption as Government Decision. Deadline: October 2013 for completion of the National RDI Strategy 2014-2020; December 2013 for adoption as Government Decision.	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.
		<ul style="list-style-type: none"> – A framework outlining available budgetary resources for research and innovation has been adopted. 			The multi-annual framework outlining available budgetary resources for research and innovation shall be part of the National RDI Strategy.
1.2 The existence of a multi-annual plan for budgeting and prioritization of investments.	On-going	<ul style="list-style-type: none"> – 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).
2.1. <i>Digital growth</i> : A	On-going	<ul style="list-style-type: none"> – A strategic policy framework for 	On-going	deadline June 2013	There is available a first draft of the National

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>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.</p>		<p>digital growth, for instance, within the national or regional innovation strategic policy framework for smart specialisation is in place that contains:</p> <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. 			<p>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.
<p>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, focusing on areas where</p>	<p>On-going</p>	<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 provide access to open, affordable, 	<p>All criteria shall be fulfilled by the national NGA</p>	<p>deadline June 2013</p>	<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 proof infrastructure and services;

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 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.		quality and future proof infrastructure and services; – measures to stimulate private investment.			– 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 until the end of May 2013. 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. Until the end of June 2013, 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: <ul style="list-style-type: none"> – 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 Journale no. 283/20 May 2013. http://www.mdrt.ro/userfiles/lege_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	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 were 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.		<p>– The actions are:</p> <p>– 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:</p> <p>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</p> <p>b) reduce the regulatory and non-regulatory barriers to an increase in co-generation.</p>	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		<p>– 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.</p>	Yes	<p>Government Decision no. 90/2008 approving the Regulation on connecting users to public electricity networks http://www.anre.ro/documente.php?id=332</p>	<p>Transmission system operators and distribution system operators guarantee the transmission and distribution of electricity produced from RES with priority access.</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>costs of services for water use) and by Law no.112/2010.</p> <p>The analysis 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 recommended methodologies of European Commission. 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></p>
		<p>– 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.</p>	Yes	<p>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</p>	<p>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.</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)
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-deseurilor/strategii-planuri-studii/	National Waste Management Strategy (NWMS) was revised in accordance with the new requirements/European guidelines, following the procedure of strategic environmental assessment (SEA). The document was discussed in public on 25 th April 2013, 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 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 National Waste Management Strategy 2014-2020; – Elaboration of sludge management strategy.
		– 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		

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)
		<ul style="list-style-type: none"> - 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.
<p>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.</p>	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. - Measures to ensure the capacity of intermediary bodies and beneficiaries to deliver the project pipeline. 	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; - Preliminary Report (draft) of the GTMP - deadline 16.08.2013; - SEA for the GTMP - deadline 16.08.2013; - 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 realistic calendar for implementation.</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>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.</p>		<ul style="list-style-type: none"> <li data-bbox="594 393 968 691">– 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); <li data-bbox="594 691 968 1092">– Measures to ensure the capacity of intermediary bodies and beneficiaries to deliver the project pipeline. 			

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	<ol style="list-style-type: none"> 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. 	<ol style="list-style-type: none"> 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 second 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. 		<ol style="list-style-type: none"> 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. 	<p>The Plan was approved by the Romanian Government by Memorandum in April 2013.</p> <p>All the regulations related to this conditionality have been approved by the Government and there are in parliamentary procedure.</p>
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	<p>Working group for drawing-up and monitoring of the Action plan for improving the business environment</p> <p>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)</p>	<p>The new GD regarding the functioning and organization of the Working Group is to be approved by the Government until the end of May 2013.</p> <p>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</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)
		<ul style="list-style-type: none"> – actions linking suitable business development services and financial services (access to capital), including the outreach to disadvantaged groups and/or areas where needed. 			<p>regulations.</p> <p>Until the end of June 2013, 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.</p>
<p>8.3. - Labour market institutions are modernised and strengthened in the light of the Employment Guidelines;</p> <p>- Reforms of labour market institutions will be preceded by a clear strategic policy framework and <i>ex ante</i> assessment including the gender dimension</p>	On going	<ul style="list-style-type: none"> – Actions to reform employment services, aiming at providing them with the capacity to deliver: <ul style="list-style-type: none"> – personalized services and active and preventive labor market measures at an early stage, which prioritize the most vulnerable jobseekers; – information on new job openings. – Reform of employment services will include the creation of formal or informal cooperation arrangements with relevant stakeholders. 	On going	<ol style="list-style-type: none"> 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 <p>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'</p>	<ol style="list-style-type: none"> 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 second 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. <p>The draft emergency ordinance in this purpose is in the process of inter-institutional approval.</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)
				confederations representative at 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 graduates of higher education. 4. The draft law amending and supplementing Government Ordinance no. 129/2000 on adult vocational training, including 	<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 and there are in the parliamentary procedure. 3. The law on the internship for graduates of higher education has been approved by 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)
				subsequent normative acts for implementation.	Romanian Government and there are in the parliamentary procedure. 4. The law is currently being under debate in the Senate.
<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. 			The action plan for conditionality fulfillment is to be established.
<p>9.1. Early school leaving: The existence of a strategic policy framework to reduce early school leaving (ESL) within the limits of Article 165 TFEU.</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: <ul style="list-style-type: none"> - provides a sufficient evidence-base to develop targeted policies and monitors developments. - A strategic policy framework on ESL is in place that: <ul style="list-style-type: none"> - is based on evidence; 		<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 aspects related to the educational system.</p>	<p>The Terms of Reference for contracting technical assistance from World Bank have been finalised and are to be signed. The next WB Mission to MoNE, on June 3-7, 2013, has as objectives: to finalize the technical aspects of the Agreement for the Advisory Services on Assistance for a Strategic Framework to Reduce the Early School Leaving.</p> <p>The Strategy will be completed in December</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)
		<ul style="list-style-type: none"> – 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. 			2013.
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 next WB Mission to MoNE, on June 3-7, 2013, has as objectives: to discuss the scope of work, activities, deliverables and timeframe for the proposed advisory services for a Strategic Framework for Tertiary Education. The Strategy will be completed in December 2013.
9.3. Lifelong learning: The existence of a national and/or regional strategic policy framework for lifelong learning within	On going	<ul style="list-style-type: none"> – A national or regional strategic policy framework for lifelong learning is in place that contains: <ul style="list-style-type: none"> – measures to support lifelong learning (LLL) implementation and 	On going	National Strategy for Lifelong Learning	The Strategy will be drafted through a technical assistance project under POSDRU 2007-2013. The terms of reference have been already agreed with the Ministry of Labour and are to be approved under the procedures of

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 limits of Article 165, TFEU		<p>skills upgrading and providing for the involvement of, and partnership with relevant stakeholders;</p> <ul style="list-style-type: none"> – 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>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 active inclusion of people excluded from the labour market in the light of 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 base to develop policies for poverty reduction and monitor developments; 	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 Terms of Reference to elaborate the Strategy are currently under negotiation with the World Bank. The approximate period of completion

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)
Employment guidelines.		<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. 			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 indicators (i.e. very low educational level, long-term unemployment, etc); 	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)
		<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 concentration of resources on prioritised needs for health care. 	No		
11.MSs <i>administrative</i>	On going	- A strategic policy framework for	On going		In order to achieve the ex-ante conditionality

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><i>efficiency:</i></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 		<p>reinforcing a MS's administrative efficiency with the following elements are in place and in the process of being implemented:</p> <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. 			<p>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 Secretariate of the Government will elaborate the 2013-2020 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 2013-2020 Strategy for the strengthening of public administration - June 2013; - 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) – July 2013; - Completion of the draft 2013-2020 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 working group set up under the coordination of a counsellor of the Prime Minister – October 2013; - Approval of the 2013-2020 Strategy for 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>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/	<p>EU directives on public procurement (2004/17 and 2004/18) have been transposed by Romania into the national legislation through EGO no 34/2006 concerning the award of public procurement contracts, public works concession contracts, and services concession contracts and the 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>

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)
					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.
		– Arrangements which ensure transparent contract award procedures;			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. 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.
		– Arrangements for training and dissemination of information for staff involved in the implementation of the funds;			Training for all staff involved with EU public procurement rules at all relevant levels has been provided and is planned to be continued during the next financial programming. There is a system of dissemination (website, newsletters and e-mail) of the relevant guidance towards managing authorities,

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)
		<ul style="list-style-type: none"> - Arrangements to ensure administrative capacity for implementation and application of EU public procurement rules. 			<p>intermediate bodies, certifying authorities, audit authorities and beneficiaries.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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 CNSC decisions, strengthening the capacity and stability of the evaluation committees.</p>
State aid	On - going	- Arrangements for the effective application of EU State aid rules;	Yes	Law No 137/2007 on approval of the Emergency Ordinance No	The community state aid legislation is directly applicable in Romania, therefore all 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>117/2006 regarding national procedures in the state aid field</p> <p>www.ajutordestat.ro</p>	<p>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.</p>
		<p>– Arrangements for training and dissemination of information for staff involved in the implementation of the funds;</p>	<p>On going</p>		<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>The deadline is June 2013.</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>
		<p>– Arrangements to ensure administrative capacity for implementation and application of EU State aid rules.</p>	<p>On - going</p>		<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 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</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)
					possibility to verify the observance of the cumulation rule. By september 2013 the acquisition of equipment will be achieved through a project financed by OP TA.
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 Exante 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)
		<ul style="list-style-type: none"> <li data-bbox="588 527 974 633">– Arrangements for training and dissemination of information for staff involved in the implementation of EIA and SEA Directives; <li data-bbox="588 1015 974 1063">– Arrangements to ensure sufficient administrative capacity. 	<p data-bbox="978 527 1203 552">On going</p> <p data-bbox="978 1015 1203 1039">On going</p>		<p data-bbox="1560 389 2013 519">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.</p> <p data-bbox="1560 527 2013 990">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:</p> <ul style="list-style-type: none"> <li data-bbox="1560 803 2013 876">– A standard document for the drafting of the preparation plan for the entire period 2014-2020; <li data-bbox="1560 885 2013 958">– A pilot preparation plan for Romania (including trainers, number of trainings etc.) 2014-2020. <p data-bbox="1560 966 2013 990">The deadline is November/December 2013.</p> <p data-bbox="1560 1015 2013 1088">The criteria will be achieved till March 2014 based on the JASPERS recommendations and MECC experience.</p>
Statistical systems and result indicators	On going	<ul style="list-style-type: none"> <li data-bbox="588 1104 974 1347">– Arrangements for timely collection and aggregation of data with the following elements is in place: <ul style="list-style-type: none"> <li data-bbox="630 1185 974 1258">- the identification of sources and mechanisms to ensure statistical validation; <li data-bbox="630 1266 974 1323">- arrangements for publication and public availability. <li data-bbox="630 1331 974 1347">- an effective system of results 	On going		<p data-bbox="1560 1104 2013 1193">The complete fulfilment of the criteria is related to the progress in preparation of the operational programmes.</p> <p data-bbox="1560 1201 2013 1339">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.</p> <p data-bbox="1560 1347 2013 1369">In order to support the selection of result</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 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)
<p>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</p>	Yes	<p>GAEC standards are defined in national law and specified in the programmes;</p> <p>–</p>	Yes	<p>MARD and MEF Order no. 30/147/2010 http://www.apdrp.ro/uploads/Docu%20LEGISLATIE/Ordin_147_din_16_febr_2010.pdf</p>	<p>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.</p>
<p>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</p>		<p>– minimum requirements for fertilisers and plant protection products referred to in Chapter I of Title III of this Regulation are specified in the programmes;</p>	Yes	<p>Order no. 1182/1270/2005 of MARD and MEF</p> <p>Government Decision no. 1559/2004</p> <p>Government Ordinance no. 4/1995</p>	<p>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.</p> <p>- 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</p>
<p>4.3 other relevant national standards:</p>		<p>– relevant mandatory national standards are specified in the</p>			<p>Article 51, paragraph 3 of Regulation 1698/2005 concerning rural development</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)
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					
<p>HC.1 MSs administrative efficiency: the existence of a strategy for reinforcing the country's administrative efficiency including public administration reform</p>	On going	<p>– A strategy for reinforcing a MSs' administrative efficiency is in place and in the process of being implemented; the strategy includes:</p> <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.
<p>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</p>		<p>– 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</p>	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)
		<p>– 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>			
<p>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>	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 program</u> 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. Deadline - 30 May 2013.

(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	– A national or regional risk assessment with the following elements shall be in place: - 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	– A project for the development of a national risk assessment will be developed. 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: 1.1. Completion of application form	April 30th 2013 December 2013 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
	appropriate, national climate change adaptation strategies	1.2. Public procurement process 1.3. Project implementation 1.3.1. Development of national risk assessment methodology; 1.3.2. Development of a list with risk scenarios with major impact and the description of the representative ones; 1.3.3. Development of national hazard maps; 1.3.4. Development of national database comprising all information concerning hazard exposure; 1.3.5. Vulnerability analysis; 1.3.6. Assessment of representative risk scenarios; 1.3.7. Development of national risk maps for the assessed risk scenarios. 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; 3. Establishment of legal framework on the organisation and functioning of National Platform for Disaster Risk Reduction and Working Group for National Risk Assessment. – Development of the National Action Plan on Climate Change	A first draft of the Action Plan - first quarter 2015 Final version and approval - second quarter 2015	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.	The criteria is partially fulfilled. Documents required to be developed and approved for compliance performance in terms of the above criteria: – Development of National Waste Management Plan – Developing the National Waste Prevention Plan – Developing the County Waste Management Plans	– V quarter 2014 – IVquarter 2014 – II quarter 2015	Ministry of Environment and Climate Changes
	– A MS has established, consistent with Articles 1 and 4 of Directive	– 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
	2008/98/EC, waste prevention 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 19201920(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.

2.4 Methodology and mechanism to ensure consistency in the functioning of the performance framework

The strong orientation toward results of the future European Structural and Investment Funds (ESIF) require having in place an effective performance framework. In Romania, the mechanism for ensuring the functioning of the performance framework will be centrally managed by the Ministry of European Funds as a coordinator of the elaboration of the Partnership Agreement and of the Operational Programmes, including of the ESIF indicator system.

The mechanism for assuring the consistence in the establishment and functioning of the performance framework will imply the following steps:

- **Designing the methodology**

The general methodology for the performance framework will be designed by the Ministry of European Funds and discussed with the relevant stakeholders involved in the programming exercise, in dedicated working groups (possibly within the Evaluation Working Group). The methodology will be based on the guidance issued by the EC (eg. *Guidance fiche performance framework review and reserve in 2014-2020* and *on the guidance on rural development policy's common monitoring and evaluation system*). The methodology for the performance framework will have to take into consideration the particularities of different funds, ex. ERDF, ESF, EAFRD. Three categories of indicators are to be used for the performance framework, namely: financial indicators, output indicators and key implementation steps (the latest type of indicator will be used as necessary where no outputs would be achieved at a milestone stage).

- **Drafting the performance framework at the level of each Operational Programme**

Based on the methodology elaborated by the Ministry of European Funds, Managing Authorities will establish the performance framework for each Priority Axis, containing as few as possible indicators that should have large coverage of priority expenditure. As coordinator, MEF should ensure, when there are similar priorities, the coherence of the methodology for establishing milestones and targets, based on previous experience and external factors that can influence them. When designing the performance section of the Operational Programme, the programmers can request assistance to the Ministry of European Funds.

- **Ex ante assessment of the performance framework**

The appropriateness of the indicators and the suitability of the milestones for 2018 and the target set proposed for 2022 for the performance framework of each OP/ PA will be assessed within the ex-ante evaluation contracts, which are to be performed for each Operational Programme. All ex-ante evaluations of the OPs will be centrally coordinated at the level of MEF. This will create prerequisites for a coherent approach of the assessment of the performance framework.

- **Monitoring of the performance framework**

A monitoring mechanism of the performance framework will be designed and coordinated by the MEF. This will allow an assessment of the achievement of the milestones, detection in real time of any potential performance issues and adoption of the appropriate remedial actions. The monitoring mechanism for achieving the milestones and targets of the performance framework will be also assessed by the ex-ante evaluators.

The progress in achieving the milestones and targets of the performance framework at the OPs level will be reflected in the implementation reports and examined at the regular meetings of the Monitoring Committees.

At the level of the Partnership Agreement, the general progress of the performance framework for the various programs will be regularly monitored, in order to observe the progress and formulate a proposal to the EC for the allocation of the performance reserve in 2019.

2.5 Measures to reinforce administrative capacity

Experience from the 2007-13 Period

Romania's first period of managing EU Structural Instruments and other development funds has been characterised by:

- a very substantial increase in the resources under management.
- a significant transition in administrative culture and requirements from pre-accession support.
- a need to grow and sustain capacity among Managing Authorities, Intermediate Bodies and beneficiaries.
- a significant need to enhance coordination of interventions, as well as among responsible authorities, in order to create synergies and avoid overlapping

Public administration has made progress in many areas, but since 2008 transition and learning have been greatly complicated by the effects of the financial and economic crisis. In preparing for the 2014-20 period, evaluation highlights, in particular:

- a need to enhance capacity and to increase effectiveness at all levels: coordinating authorities, Managing Authorities, Intermediate Bodies, bodies with horizontal responsibilities (such as the AA, NARMPP etc.) and beneficiaries¹⁹.
- a need for greater co-operation and co-ordination among the stakeholders involved in directing and investing CSF resources²⁰.
- a need to improve the responsiveness of the wider legal and regulatory system to national development interests²¹.

¹⁹ see for example: KMPG / GEA / Pluriconsult for Ministry of Public Finance, 2011, Challenges in the Capacity of Public and Private Structural Instruments Beneficiaries.

²⁰ KMPG / GEA / Pluriconsult for Ministry of Public Finance, 2010, A Formative Evaluation of Structural Instruments in Romania.

- a need for further administrative reform and cultural change²².

Allocation of Programme and Thematic Responsibilities

During 2007-2013 period, the administration of EU funding has seen seven Ministries designated as Managing Authorities for SCF Programmes and a further Ministry and a National Agency managing EAFRD and EFF respectively.

Tabel no. 11 – EU funding responsibility 2007-2013

Managing Authority	Programme	Fund
Ministry of Economy	Increasing Economic Competitiveness	ERDF
Ministry of Regional Development and Public Administration	Regional Operational Programme	ERDF
Ministry of Transport	Transport	ERDF and CF
Ministry of Environment and Climate Change	Environment	ERDF and CF
Ministry of Labour, Family, Social Protection and Elderly	Human Resources Development	ESF
Ministry of Internal Affairs	Administrative Capacity Development	ESF
Ministry of European Funds	Technical Assistance	ERDF
Ministry of Agriculture and Rural Development	Rural Development	EAFRD
National Agency for Fisheries and Aquaculture	Fisheries	EFF

Capacity Development and Integration of Lessons Learned

In the 2014-20 period Romania will progress further reform of public administration, having in view the following objects:

- maintaining continuity in the management of EU-funded investments.
- extending a culture of accountability and appropriate delegation of authority in order to increase the efficiency of administration.
- developing a public procurement culture based on best economic value, taking into account quality concerns.
- reinforcing proportionality and increasing efficiency, including through the introduction of risk-based management techniques and further simplification.
- enhancing the responsiveness of central and local government, outside the SCF management system, is linked to successful implementation of SCF.

Where necessary, Romania will promote legal reforms, for example, on aligning national public finance laws with the provisions for simplified costs under EU Regulations.

²¹ see for example, EPRC / Fraser Associates for DG REGIO, 2012, Ex-post Evaluation of the Cohesion Fund (including former ISPA) - Work Package D Management and Implementation, Country Report for Romania.

²² see for example, EWC for Ministry of Administration and Interior, 2010, Interim Evaluation of the Administrative Capacity Development Operational Programme for the period from 1 January 2007 to 30 June 2010

Romania will actively target part of its involvement in interregional co-operation in order to access good practice in areas of management and implementation where a need for innovation has been identified in 2007-13.

Romania will continue to invest in developing and sustaining human resource capacity in SCF Managing Authorities and Intermediate Bodies. Consideration will be given to remuneration, working conditions and culture in ensuring that these roles are attractive to high quality personnel. Appropriate training will be provided, both in order to ensure the needed skills and knowledge, as well as a development opportunity and measure to retain high-quality staff. This strategy will be supported, where appropriate, through the investment of Technical Assistance. The development and maintenance of capacity at the level of public beneficiaries will be promoted by making clear where the salaries of personnel working on SCF-funded projects represent eligible expenditure.

Capacity within beneficiaries will continue to be developed in relation to the project management and implementation, with access to training and mentoring provided and supported with Technical Assistance, where appropriate.

Public procurement has been a major source of delays and irregularities in the 2007-2013 period. Romania will enhance capacity at the level of IBs and beneficiaries by making training on public procurement widely available and compulsory, where appropriate. Improvement and/or simplification of Romanian legislative provisions in this area will also be pursued with a view to enhancing the efficiency of the process.

Financial capacity within beneficiaries has been adversely impacted by the availability of co-financing and financial guarantees from commercial sources. This has been exacerbated by risk-aversion in the context of financial and economic crisis. Romania will work with the banks to improve the availability of commercial bridging loans, recognising the relatively low risk associated with availability of EU financing. Moreover, the pre-financing mechanism (its effectiveness, optimal rates and identification of alternative instruments) will be reviewed.

Where Cohesion Fund projects are concerned, Romania will invest in the development and maintenance of an adequate pipeline of mature projects, including reserve projects. A risk-based approach to overprogramming will be considered in order to ensure that there is a sufficient supply of projects to absorb the allocated resources.

Romania will promote enhanced use of cost-benefit analysis as a tool to support Cohesion Fund project design and optimisation and for the purposes of monitoring key performance parameters in the implementation phase.

Monitoring and Evaluation Under the Results-oriented Approach

The 2014-20 period will see the introduction of a new intervention logic for ERDF and Cohesion Fund. The introduction of the results-oriented approach represents a significant opportunity to strengthen the rational basis of CSF-funded interventions, but will require a significant investment in guidance materials and training at all levels in the system. Managing the transition in monitoring and evaluation culture

and training beneficiaries in incorporating "evaluation thinking" in project design and development will be a priority for investment of TA in the coming years.

Romania will continue its investment in promoting a positive evaluation culture, including good-practice networking at the level of Managing Authorities, Intermediate Bodies, beneficiaries, universities and professional organisations. Term and framework contracting models will be used to ensure that the planned programme of ex-ante, ongoing and ex-post evaluation is implemented to schedule and also to foster the development of a more mature provider market. A mix of mainstream and innovative methodologies will be employed.

Effective monitoring and evaluation will be underpinned by progressive improvement to SMIS discussed in Chapter 4 below.

2.6 Reduction of 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 ESIF.

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 MSs, including Romania. This selection covered all three different types of implementation systems (centralized, regionalized, mixed) and provides a good balance between old and new MSs. Two operational programs were selected for each MS 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 elaboration terms of references for commissioning the elaboration of a study for analyzing the administrative burden for each type of fund, field of intervention, operation and their financial dimension, type of expenditure (works, equipment, services, staff costs, etc.), category of beneficiaries (private businesses, public and semi-public authorities, non-profit organizations) and their experience. In order to identify the main sources of administrative burden in the period 2007-2013, the study will gather baseline information for administrative burden of beneficiaries, by adopting a standard cost model approach.

Considering the simplified cost options offered by the regulation, the Ministry of European Funds intends to commission 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 will 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

The diversity of Romanian territory, highlighted by the analysis of disparities and by several national and European studies, makes 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.

Also, Carpathian Mountains are a special territory, with specific problems and particular territorial potential and should be treated with special care, and measures should be adapted to the specificities of the Romanian mountainous territory.

The existence of an exceptional biodiversity and the lower anthropic influence (as there are large territories that are less affected by human activities) are elements that contribute to a special natural heritage, with significant potential. The fact that rural population has a very high proportion in the total population, compared to other European states can also become an element of potential, with support for the civilization and the traditional rural techniques. Although the structure of agricultural lands is strongly fragmented, and the land productivity is low because of insufficient infrastructure, this weak point could be also exploited, by supporting organic agriculture and promoting local capitalization of agriculture products, by added-value products (local food industry) and ensuring short food supply chains from producer to consumers.

The peripheral position of Romania within the EU is a disadvantage in what concerns accessibility to the most developed European regions however Romania could profit from its position as a turning point between Europe and the Middle East (particularly Turkey), capitalizing its superior accessibility to regions in EU neighborhood to the East and South-East. Another important advantage is the largest port at the Black Sea (Constanța) and of the Danube River, as the development of naval transport could reshape the flows of merchandises between Europe and Asia. Also the neighborhood with the extra-communitarian territories and with the South-East extremity of EU represents a potential that can be valorized by creating territorial premises and

opportunities for physical inter-connection in the national territory: priority development of rail, road, water transport, etc.

The definition of the areas where integrated actions for sustainable development needs to be done on the basis of a set of criteria which should include: number of inhabitants and demographic dynamics, administrative functions, functional diversity, accessibility to transport systems, services of general interest provided, etc. Given the potential identified and having in regard the territorial disparities as resulted from the analysis, a series of territorial development priorities can be set out for 2014 – 2020 period:

- **Consolidating the urban network by polycentric development and territorial specialization**

Urban settlements have the role to coordinate the surrounding territory and to be an engine of economic development. Regarding the demographic decline, measures are needed to increase attractiveness in order to maintain a sufficiently high number of inhabitants and to be able to fulfil the role of territorial polarising centre.

Small and medium towns need a cohesive approach in order to increase accessibility to the major urban poles, so that a territorial balance and a polycentric urban network can be maintained, while tourist resorts towns need a different approach, to support their potential for tourism.

In this context, two major objectives that could structure the interventions in urban areas can be mentioned: polycentric development and territorial specialisation. For this, it is necessary to establish a classification of urban settlements in metropolitan and urban poles and to set out certain investment profiles depending on the polarising capacity and the elements specific to each category of poles that differentiate them from the lower ranked cities. Thus, in the major poles the interventions will be oriented particularly to important projects: development of air transport, increasing quality of higher education, investments in innovation. For local importance urban poles, there will be interventions at local level: rehabilitation of high schools and hospitals of local importance, increased accessibility to superior ranked cities etc.

The geographic position and the distance between urban centres is also an important factor when setting out the types of measures that can be applied. Thus, cities that are close to other cities, in proximity should develop economic and administrative relations between them, with the aim to promote complementarity and to make public investments more efficient. Also, special care should be given to urban areas near the national border, in their case measures promoting cross-border cooperation are needed, so that these cities can expand their area of influence over the frontier.

- **Promoting rural-urban partnerships**

Urban settlements cannot function efficiently without a strong cooperation with rural surrounding areas; also, rural areas cannot be treated separately, without taking into account urban polarising centres that ensure to the rural population an access to services, jobs or markets.

The Romanian territory is essentially rural (almost 90 % of the area belongs to rural administrative units), therefore interventions financed by the future rural development program will be essential, as they will 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 types of areas. In the same time, priority should 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, in order to define functional areas and to solve common problems by inter-community cooperation.

- **Increasing accessibility and connectivity**

There are numerous implications of the transport network on territorial development. At subregional level, an inadequate transport network hinders the development of small and medium towns and of rural settlements. By creating proper transport infrastructure, large areas could become dynamic economic areas, using labour force and lands at acceptable prices. Increasing the accessibility to the main urban areas and improving accessibility between major urban agglomerations and smaller towns in the proximity or in the area of influence must be 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.

In order to consolidate interregional links, major investments are needed to overcome natural barriers (Carpathians, Danube) but also to get out of the relative isolation all areas affected. Also, investments in railway are needed to support the intermodal transport, in correlation with the investments made to consolidate the major cities.

- **Protecting and capitalizing on natural and cultural resources**

Romanian territory has an important potential due to the exceptional biodiversity, the natural heritage and the existence of vast natural territories that are less affected by human activities. For example, Romania is the only European state where 5 different biogeographic regions are met. Around a quarter of the national territory is part of Natura 2000 network, the Natura 2000 sites concentrating in mountainous areas (particularly in Southern Carpathians and Banat Mountains) and along the main water courses, including the Danube Meadow and Delta. Also, the presence of important cultural heritage, including UNESCO World Heritage sites, should be highlighted. These, together with natural resources, are central values for the national identity and are strongly linked to the sustainable development of the territory.

- **Equitable access to services of general interest**

Public services – known at European level as services of general interest – aim to fulfil daily needs of the population and are vital for their welfare. The citizens' quality of life depends on these services that are essential for sustainable economic development and for social cohesion in Europe. For this reason, universal access to

public services needs to be a fundamental right and a pillar of the social European model.

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.

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.

In this context, Romania's efforts should be focused on two directions: to ensure the preservation and protection of natural and cultural resources, but also to capitalize in sustainable manner these resources. For this, it could be envisaged actions for conservation, stopping interventions with negative impact, promoting tourism, raising awareness of local communities concerning heritage values and their vulnerability etc.

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

As regards the CLLD instrument, it could be utilized especially for the following types of territories:

- towns (small and medium) and the neighbouring rural area;
- peripheral rural areas without urban centres;
- the areas belonging to a river sector or around to a lake with fishery resources;
- deprived areas within urban centres.

It should be taken into account, in a first instance, territories that have experience in implementing such initiatives (i.e.: LEADER, FLAG). In those cases, it should be analysed the viability and willingness to continue the existent initiatives, as well as the opportunity to extend the LAGs in the neighbouring urban areas by establishing rural-urban partnerships.

However, the use of the territorial development instruments, such as CLLD, should be carefully analysed in order to correctly judge the Romania's option taking into account the maturity and capacity (control system) to apply the multi-fund or single fund LEADER approach.

Use of the Community-led Local Development and LEADER Local Development models will be permitted in Romania to facilitate integrated local development.

Romania intends to use this instrument by means of two different approaches, with different objectives, territories and financing methods.

CLLD in rural and fisheries areas having as an objective local development in these areas. It is intended to finance during the next financing period both the Local Action Groups established during the 2007-2013 period and new established Local Action Groups, using the experience already achieved through Leader in respect of local development.

To ensure territorial homogeneity, Local Action Groups may include small towns with a population of up to 20,000 inhabitants (based on current experience LEADER 2007-2013 programming period). The CLLD in rural areas will address to local development needs in terms of business, culture and environment. Having regard the relatively early stage in the implementation of local development strategies by LAGs in the current programming period and as a result of the consultation process with stakeholders, will support mono financing option for local development strategies funded by the NRDP from 2014 to 2020. In addition, this option is determined by identifying the possible problems caused by the approximation of specific provisions on the implementation CLLD with specific provisions of various EU funds, potential multi fond financing for local development strategies.

In case of EMFF, in order to have an integrated approach, after the identification of specific development needs of the fisheries areas, a decision will be taken whether the OP supports multifund strategies that include fisheries areas; an indicative budget will be established.

CLLD in urban areas aiming at increasing social inclusion and the development of marginalized communities from Romanian cities. In principle, Romanian intention is to have multi-fond 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-fond strategies, it is also analysed the mono-fond financing of these strategies considering as an option the cross-financing in order to ensure the complementarities.

Where appropriate, it could be decided a multi-fond 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.

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.

Having regard to the current state of discussions at the EC on the implementation of CLLD, especially in the use of multi-fund financing for the implementation of local development strategies, these proposals are preliminary.

3.1.2 Integrated Territorial Investment

Romanian authorities examine several types of territories for implementing territorial development strategies through ITI, which it is envisaged to be centred on Regional Ops, as follows:

- areas with specific problems and unitary characteristics (Danube Delta, coastal area, mountain areas, networks of resorts or small towns within an administrative or physical-geographical unit);
- growth poles- based on the present experience from 2007-2013 programming period (there is a certain similitude regarding the policy of growth poles and ITI) in principle we are foreseeing the utilization of such an instrument at the level of the growth poles in Romania in a multi-fund approach.
- areas within cities for projects concerning urban regeneration (central areas, industrial areas, former military sites, areas from big residencies block of flats);

Applications to undertake ITI operations will be accompanied by an Integrated Development Strategy, which will set out:

- the rationale for intervention linked to spatial development needs and opportunities consistent with functional specialisation.
- 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.

3.1.3 Sustainable urban development

The principles on the basis of which urban areas will be identified to implement integrated sustainable development actions are the following:

- taking different actions depending on the typology of urban settlements (growth poles, development poles, small towns, tourist resorts);
- using provisions of urban planning documentations (General urban plans or Zonal urban plans) in order to delimit intervention areas and to set out the types of interventions;

- delimiting intervention areas based on functional areas (central areas, residential areas, industrial areas, former military sites etc);
- focusing on area interventions instead of punctual interventions, to ensure a more integrated approach and to have visible results, with multiplying effects, interventions should not focus on certain objects (heritage buildings, public spaces such as a park or a street etc.) but will be made on clearly delimited areas;
- in order to identify intervention areas it is necessary to set out the objective of urban regeneration project, and on its basis selection criteria will be set out, urban areas that will be the subject of urban regeneration projects will be selected in function of the intervention's objective: for central areas, revitalization or bringing value to areas with big concentration of heritage buildings, with historical value; for the improvement of living standard, residential areas will be selected based on concentration of population, age of the buildings, lack of green areas and playgrounds; for deprived neighbourhoods, the selection will be based on the quality of buildings, the crime rate, the lack of public utilities; for new terrain allowing new developments, the former industrial sites or lands of former military units will be envisaged;

From the perspective of urban areas, 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 infrastructure in the area of immediate influence of the cities should aim to "shorten" distances. The easier it is to ensure circulation of persons, capital and ideas, the more dynamic the region's economy will become.

As for the business environment, investments should envisage first ways to stimulate the creation of jobs and to increase the population's income. Investments should be focused on encouraging the services sector, which is in full development, and on the manufacturing sector, which is still quite developed. On one hand, investments should be directed to fulfil the demand for office spaces (of certain types) and to create additional areas for new business in development (business incubators, industrial parks etc).

In order to prevent the expansion of negative economic consequences, it is needed to manage properly the suburbanisation process and the decreasing population density. One way is to transform unarranged, unused or barely used terrains in attraction points for constructions or rehabilitation. The functional reconversion of former industrial sites is an important means for formerly industrial cities to fight against reduction of population and density. The rehabilitation of industrial terrains implies the transformation of former industries, sometimes polluted, to terrains with similar functions or different use.

- **Improving environmental quality in urban areas**

The increase of energy efficiency in cities implies a step-by-step modernization of dwellings stock, taking into account the high degree of energy consumption of residential buildings in Romanian cities. In particular the support of renewable energy is of great importance to ensure the quality of the environment and the reduction of carbon dioxide emissions. The energy efficiency of buildings is directly related to social inclusion and reduction of fuel poverty (fuel poverty). For the increase of green areas, public spaces in the area of large residential areas need to be tackled, in order to find solutions for parking lots (underground, multilevel parking etc) allowing reshaping the public space and a more friendly atmosphere.

A city with pedestrian areas and tracks for cyclists, with clean air and many green areas and quality built areas is attractive to people, to enterprises and to economic agents. On the other hand, promoting non-motorized mobility contributes not only to reduction of air pollution but also to improvements of the general health state of the population. The reduction of traffic congestion also brings economic benefits allowing a more efficient and productive use of one's time.

- **Supporting the development of basic infrastructure for Romanian cities**

The process of restructuring the Romanian economy after 1990, generated by the decline of the industry, affected deeply the Romanian urban settlements. The reduction of economic activities and of local authorities' budget lead to a reduction of public investments in basic infrastructure, degradation of city life, having an impact on life quality of the inhabitants.

The state and quality of physical urban infrastructure is an essential condition for an optimal functioning of cities: accessibility of labour market, attractiveness for business environment, tourism, culture, etc. are all influenced by the existence and quality of public infrastructure.

Financing such interventions contribute both to the citizen comfort and to attracting new investments from economic agents.

- **Promotion of social inclusion in Romanian cities**

The social problems (poverty, unemployment, lack of public utilities, accessibility, low quality of environment etc.) are localized in certain parts of the cities, generating a socio-spatial segregation phenomenon. In many cities, especially large cities, deprived neighbourhoods appeared, with precarious buildings, high crime rate, unemployment, school leave etc. Under these conditions, taking into account the pluri-sectoral character of the problems that these territories are facing, combating social exclusion and reintegrating these neighbourhoods in the cities cannot be done by sectoral investments, but coordinated interventions are needed, focalized and adapted to local specific conditions.

The elaboration and implementation of urban development integrated strategies is the tool for inclusion of marginalised communities, whether it concerns rehabilitation and regeneration of central areas, sometime historic centres of cities, or the support of social inclusion of deprived and marginalised communities in peripheral areas.

- **Supporting urban mobility, including disabled persons.**

The city economic functioning depends on the mobility of persons and goods. A higher mobility of population ensures better access to opportunities (jobs, services) and is extremely important for economic growth, as detailed above.

- **Increasing the quality of public space and ensuring an attractive urban landscape.**

Urban attractive landscapes and quality public spaces have an important contribution to ensure an adequate life standard for the population, thus it helps retaining the people in the urban area. An example of increasing attractiveness of public spaces is to valorize the waterways crossing Romanian cities. In order to promote the local potential and specific features, it is necessary that along waterways, urban regeneration projects are elaborated, valorising these natural elements.

3.1.4 Territorial cooperation

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, additional, 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 within the EUSDR Romanian interventions could be envisaged in the following areas: transport (bridges or other possibilities of crossing river; rehabilitation of port infrastructure and development of intermodal and logistic nodes), settlements network (connection between Danube River and Bucharest; facilitation of cross-border cooperation of pair Romanian and Bulgarian cities along Danube), environment (preservation and protection of the rural protected areas along the Danube River, especially in the Danube Delta), social (improving social infrastructure – education and healthcare- in the Danube adjacent counties), economy (valorization of agricultural, energy and tourism potential of the Danube area).

European territorial cooperation (ETC) is extremely important, both from a political and economic point of view and the agreement on the areas to be financed under this objective follow the decision-making procedure specific to the ETC objective, meaning the final decision is to be taken jointly by all the partner states participating at each Operational Programme.

The actions planned for 2014-20 have a stronger strategic focus and will be concentrated around a few Thematic Objectives. Moreover, better coordination will be ensured between the ESIF, especially in the case of the Regional programmes and with other European financial instruments, in order to create and exploit synergies, at all levels of cooperation.

The quality of partnership has a major bearing on the success of cooperation initiatives. Romanian organisations engaging in co-operation will be encouraged to target partners on the basis of the expertise and experience they can bring to the partnership in order to maximise value from the cooperation.

Special attention will be given, during the design of programmes to satisfying the specific development needs identified for each of the border areas concerned, but also to exploiting the opportunities and potential of the concerned regions.

Other joint actions in this field may target the development of SMEs, improvement of the research and innovation and of ICT infrastructure and take-up, both by infrastructure (and productive) investments, as well as soft actions, such as training, information exchange or communication platforms.

The development of tourism and promotion of cultural heritage in the border areas will also be supported, creating the pre-requisites for exploiting the existing potential in the areas concerned and strengthening cooperation between the relevant communities.

The development of cross-border infrastructure - in the field of transport and environment - will also be supported. The aim is to promote an environmental friendly development and to remove the remaining bottlenecks related to cross-border transport flows and support will be granted in order to respond to the needs of developing infrastructure (transport infrastructure, waste and water treatment, disaster management and fighting against natural threats such as floods, landslides, land erosion) and improve cooperation. 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.

3.1.5 Integrated approach for areas affected by poverty and at-risk target groups

In general, and considering the specifics of the national and European legislation in this area, the analysis of the disparities identifies the following groups as most vulnerable to discrimination and social exclusion:

- Children and youth from poor families
- Children parents working abroad
- Children separated from their families
- Roma people
- Persons with disabilities.
- Lone Elderly

- Single parent families
- Women

The approach to be followed in supporting the people at a 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, on actions to remove the reasons for poverty and social exclusion.

In this regard, Ministry of Labour, Family, Social Protection and Elderly 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 the employment, social assistance, education, health, social infrastructure and housing. The strategy aims to reduce the poverty through an active inclusion of the marginalized persons on the labour market. This strategy will constitute the strategic framework in the field of social inclusion and poverty reduction, designing the objectives and main action priorities for the near future. The strategy will be based on SMART objectives. For the implementation of the Strategy, an action Plan will be elaborated. The action plan will include measures, outcomes, indicators and timeline, according with the real development needs. In drafting the strategy will be involved all the institutions and entities with competences in the field of social inclusion.

Targeting

In 2011, 40.3% of the Romanian population (8.63 million persons) was at risk of poverty and social exclusion. In terms of gender distribution, the share of women in risk of poverty and social exclusion is slightly higher than that of men in the same situation (42.06%, compared to 39.42%). The numbers are on decreasing trend comparing to 2007 (both in percentage terms, as well as in absolute figures), but still high compared to EU average and targets.

This is caused mainly by the socio-economic evolutions after 1990 that led to a process of impoverishment of the population, which reached its maximum in 2000, with approx. 8 million persons living in extreme poverty and around 3.8 million people living in relative poverty.

Although expenditure on social assistance has increased from 1.4% of GDP in 2005 to 2.86% in 2011 and specific dedicated strategies have been adopted in this field, the efficiency of the system remains limited, in terms of its capacity to promote and achieve social inclusion.

In Romania, the extent of poverty and social exclusion is far greater than in most EU MSs, with 40.3% of the population that were exposed to such risks in 2011, compared to an EU average of approximately 24%. The poverty level remains at a high level (1.1 million people living in extreme poverty and 3.68 million persons living in relative poverty in 2010) and is highly dispersed at the level of the entire country, reflecting the extent of the rural economy and population distribution.

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 the

rural areas, the main problem is represented by traditional poverty, associated with the low level of modernization, poor accessibility of services and with an economic life dominated by agriculture. The rural areas are also faced with a lower share of salaried employees in the total occupied population (36% compared to 92% in urban areas) and a very low share of higher education graduates (3% of the occupied population, compared to 23% in urban areas).

In terms of regional disparities, the regional analysis reveals that regions with the highest rates of the persons being at risk of poverty and social exclusion are regions North-East, South West Oltenia, South-East and South Muntenia, at the opposite side being regions West and Bucharest-Ilfov, West region being also characterised by a relative stability of this rate, while South West region had an obvious negative trend concerning the evolution of the rate of the persons being at risk of poverty and social exclusion, from 55,4% (2007) to 44,8 % (2011).

The South-West and Western regions are acutely affected by demographic aging, the former, in particular, being gradually deserted by the young families with children and leaving only the old people behind. The demographic ageing is more pronounced in the rural areas and the poorer regions are more affected.

In Bucharest-Ilfov, North East and Center regions there are registered rates under the national average concerning the weight of persons who live in households with very low work intensity, within period of time previously mentioned. Regions from the southern part of Romania, namely regions South-West, South Muntenia and South-East, along with North-West region are those in which the weight 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, it is to be noticed that regions with the highest rates of the people affected by the severe material deprivation are North East region, South West Oltenia region, and South East and South Muntenia regions, at the opposite side being regions North West, West and Center.

Romania's urbanisation is distinctive. During the 20th Century the number of cities almost tripled (from 119 in 1912 to 320 by 2006). However, the cities are mostly small, with population between 5,000 and 20,000 inhabitants. The urban areas affected by poverty²³ 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. In addition, they were heavily affected by industrial restructuring and are very vulnerable to industrial and economic reform.

²³ Stănculescu M, coord., 2004, Urban poverty – rural poverty, CASPIS report.

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.

The impoverishment process is strongly associated with the employment ratio, which fell from 50% in 1990 to 40% in 2010. The self-employed have the highest risk of extreme poverty (especially those working in agriculture, for which an extreme poverty ratio of 12.9% was registered).

The population categories exposed to the highest poverty risk are the children and young people, institutionalised children, single aged persons, agricultural workers, the unemployed and retired agricultural workers. Thus, in 2010, the relative poverty ratio was 26% for the 0-15 years age group. Additionally, families with three or more children are more affected by poverty. The highest poverty rates were registered among people without education and those with only primary or gymnasium education.

The poverty among *Roma people* remains at the highest level, with an extreme poverty rate of 31.4% in 2010 (6 times greater than the national average). There were 619.000 persons (3.2% of the population) self-identified Roma persons at the 2011 census. The statistics available for 1998 show a total number of 1.5 million hetero-identified Roma in that year (6.8% of the population). According to experts' opinion, the real number of Roma is much higher and the differences between 1998 and 2011 counting may come from the difficulties of understanding the terminology used or unwillingness to acknowledge Roma ethnicity. According to the census data from 2002, only less than a quarter (22.9%) of Roma population was part of the active population; approximately 41% of the occupied persons were working in agriculture and 31% were unqualified workers. 70% of Roma persons had no qualifications or were working in activities with no need for professional training. 41.7% of Roma were daily workers and the main income sources are occasional, mainly from the black economy or from social aid.

Social service, health and education infrastructure remains highly deficient. Inequalities in access between urban and rural areas represent a significant source of social exclusion. In 2009, 89% of hospitals, 92% of doctor's surgeries and 79.5% of pharmacies were located in urban areas. There are also high disparities between large and small urban areas, with many hospitals being recently closed in small urban areas that are also associated with a high employment rate, housing problems and low access to education. Public expenditure per capita in these sectors remains low.

The combination of demographic trends, political instability, worsening socio-economic conditions and insufficient financing of the medical system has led to an exodus of doctors and medical assistants to Western European countries. The practice of informal payments has contributed to the decline in quality and accessibility of medical services and to increasing dissatisfaction of the population.

Between 1996 and 2010, the number of schools reduced from 29,815 to 7,024. This reflected both a decline in the number of pupils and merger of schools units, the latter of which greatly affects school accessibility in many areas. The same trend applies to the number of teachers, reflecting to some degree the decrease in the number of pupils, but also in response to salary levels and the closure of schools, especially in the rural areas. According to the data from the Ministry of Education, only 25% of the pupils from the rural areas sign up for gymnasium education and their grades are lower compared to those of the pupils in urban areas.

The utilities infrastructure remains also deficient, in spite of the consistent efforts in this regard. Thus, at national level, 72% of the localities have running water (increasing share from 61% in 2005) and only 30% have public sewerage systems.

The housing stock is in poor condition. Some 15% dates from before the Second World War and 70% from the Communist era. Only 25% meets current standards on earthquakes. Urban areas were not designed to accommodate the rise in private car ownership and parking spaces are in short supply.

The share of the population living in inadequate conditions has decreased from 37% to 29% in recent years. The southern regions, but also the North East Region have higher percentages than the national average, due to the lower level of economic development. In comparison, the EU average for this indicator stands at 9%.

Approach concerning deprived communities

The socio-economic analysis concerning marginalised/deprived communities reveals some aspects such as: lack of decent housing/decent living conditions (extrem form of poverty more and more present), lack of constant sources of income, low level of education, lack/low level of professional qualifications, precarious health status, lack of social insertion of the persons belonging to the deprived categories.

In this respect, in order to reduce the physical concentration of poverty it is under analysis the opportunity of implementing of some integrated plans which have to entail, besides compulsory measures concerning construction/rehabilitation of social houses some complementary measures in the fields of education, health, social services and employment, this kind of approach being the only viable solution to diminish the poverty and social exclusion burning points.

The goal of the complementary measures is to create the basis for increasing the employment (especially, through the social economy activities), by ensuring an adequate health status and by assuring the minimum levels of professional competences; implementation of some activities for integrated community development is also needed, in order to increase the consensus rate among the members of the deprived communities.

A special attention will be devoted, within this measures, to the Roma people, having in mind some of their particular features, such as high rate of discrimination to which they are exposed, different cultural traditions, level of employment, quite low, in general, etc.

In this respect, it is promoted the implementation of the „package of measures”, according to which each intervention has to be an integrated one, housing being primary , as importance, but being necessary to be complemented (in the same time or in a compact timeframe) by several other measures, namely the 'soft' measures. Thus, it is necessary to be promoted integrated projects which will address these communities' needs (including Roma people), projects that include both *investments in infrastructure (education, health, social services), as well as for encouraging employment, thorough social economy activities, along with improving the housing conditions (through construction/rehabilitation activities), in parallel with implementation of some activities for integrated community development (informing/counselling/mediation, etc.).*

Also, *there is a Strategy of the Government of Romania for the inclusion of the Romanian citizens belonging to the Roma minority for the period 2012-2020 was adopted through the Government Decision no.1221/2011.* The purpose of this Strategy is to continue the social-economic inclusion actions of Romanian citizens belonging to Roma by implementing integrated policies in *education, employment, health, housing, culture and social infrastructure.*

In the Romanian cities the social problems are generated by poverty, unemployment, lack of access to public utilities, accessibility issues that facilitate spatial segregation. Lack of coordinated and targeted interventions led to the appearance of disadvantaged neighbourhoods and communities in the Romanian cities (generally, in the suburbs, but in some cases also the central areas - for example - Bucharest, Bistrita, etc.) with a housing stock in poor condition, high crime and dropout rates, etc. *Although statistical data on the phenomenon of socio-spatial segregation are limited in Romania, and the spatial dimension of poverty is still insufficiently exploited by researchers, socio-spatial segregation is a process that takes place in the Romanian cities.*

4 ARRANGEMENTS TO ENSURE EFFICIENT IMPLEMENTATION

4.1 Electronic Data Exchange

Development of SMIS and the Experience of 2007-13 Period.

Development of the Single Management Information System (SMIS) commenced in 2004. It was intended to provide an integrated single-entry system covering all SCF funding and to have sufficient flexibility to integrate Programmes as they were developed.

SMIS took time to become operational even with limited functionality. There have been periods when there have been significant backlogs in data entry that has compromised the production of basic management reports.

In 2010 the NSRF evaluators observed that the dataset made available to them from SMIS was "not complete and in places lacking in accuracy and precision".²⁴ The OPACD evaluators later in the same year found data reliable, but noted limitations in the functionality of the system: that "it was not possible to produce aggregated information, for example, of the output and results indicators from the SMIS records"²⁵.

Limitations in the facility to generate reports tailored to the specifics of the various OPs from SMIS contributed to the development of parallel systems to meet the operational needs of individual MAs. However, the proliferation of systems to some extent reflects the continuing evolution of OP management and requirements that could not have reasonably been foreseen. In some cases informal systems are for internal use and based on proprietary spreadsheet or database applications. However, in the case of SOP HRD, the ActionWeb is a bespoke system directly competing with SMIS and one that has proved difficult to interface with SMIS. The existence of multiple systems has had implications:

- for efficiency - as there is duplication of effort and multiple entry of data.
- for reliability and control - as the data held in separate systems cannot readily be reconciled.
- for transparency - as data held in dispersed systems and under different ownership lacks the visibility of data on a single system.

Development and soft support for the effective implementation of SMIS is the focus of Priority Axis II of the Technical Assistance Operational Programme. The 2010 Interim Evaluation of the OPTA concludes that SMIS "is now functional and operational".²⁶ However, it identifies four aspects of SMIS that should be the focus of its longer term development:

- ensuring full compatibility with third party applications.
- enhancing data security.
- enabling the customisation of system menus for final users
- providing training on a continuous basis.

Preparation for 2014-2020

The new programming period represents an opportunity to consolidate the experience of 2007-13 and to move to unified SMIS that is consistent with the management needs of all programmes. This will be aided by:

- the shift to a common rationale for all EU funds.
- the alignment of all investment within the framework of the TOs linked to EU2020.
- the limited sets of performance indicators (mainly outputs) proposed.

²⁴ KMPG / GEA / Pluriconsult for Ministry of Public Finance, 2010, A Formative Evaluation of Structural Instruments in Romania, p22.

²⁵ EWC for Ministry of Administration and Interior, 2010, Interim Evaluation of the Administrative Capacity Development Operational Programme, p65.

²⁶ KMPG / GEA / Pluriconsult for Ministry of Public Finance, 2010, Operational Programme Technical Assistance Interim Evaluation.

The main projects underway to strengthen SMIS ahead of the 2014-20 period comprise:

- the MySMIS portal which, following piloting, will facilitate distributed upload of data from beneficiary level and will cover electronic submission of applications, reporting on implementation and requests for payment. MySMIS will strengthen responsibility and accountability at beneficiary level and will improve efficiency by eliminating the need for periodic uploading at IB and central level.
- the delivery of awareness events and training related to the deployment of MySMIS, supported with materials relating to submission of applications, reporting on implementation and requests for payment.
- improving the responsiveness of the existing helpdesk function based upon SMIS co-ordinators at central MA and IB level through the development of web-based support and networking of the SMIS user community.
- a Business Intelligence Application for SMIS allowing customised reporting covering all official reporting formats and the orderly extraction of data to support evaluation needs.
- improving access to SMIS documentation, including in Romanian language.
- renewal of SMIS hardware and licenses on a planned lifecycle basis.

Table no. 12 -

Actions planned	Expected results	Indicative timeframe
Consultation on MA management information requirements, Development of Business Intelligence Application	Remove the need for informal MIS.	
Implementation of Business Intelligence Application	Remove the need for informal MIS. Facilitate extraction of all routine management reports and data as required for evaluation.	
Development and verification of MySMIS	Facilitate beneficiary level data input and freeing up of IB and MA resources.	
Deployment and support for MySMIS, including associated training and materials	Migration to paperless submission of applications, implementation reporting and payment claims. Reduced response times.	
Upgrading of help-desk and user community networking	Reduction in errors. Reduced query response times.	
Improved access to SMIS documentation, including in Romanian language	Reduction in errors. Reduced demand on help-desk.	
Renewal of SMIS hardware and licenses	Maintenance of system integrity and resilience.	