



GOVERNMENT OF ROMANIA

FISCAL AND BUDGETARY STRATEGY FOR THE PERIOD OF 2019-2021

**MARCH
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1. Objectives of the fiscal and budgetary policy for the horizon 2019-2021

In the context of an uncertain European framework, marked by the increase of energy prices, the volatility of financial markets, commercial tensions, as well as geopolitical risks, the Member States are aware that they must take concrete measures to consolidate their economies' resilience to respond to future challenges.

In this framework, Romania **establishes the following objectives of budget construction for 2019 and the 2020-2021 horizon:**

- 1. Stimulating, continuing, consolidating and maintaining smart, sustainable, and inclusive economic growth**, meant to provide the premises for consolidating a strong, proactive state and a balance society, in order to increase investor confidence in the Romanian economy;
- 2. Allocating important amounts to support public investments through prioritization of significant public investments** to ensure infrastructure and services, to improve life quality, **with multiplier effect and direct contribution to gross fixed capital formation;**
- 3. Creating a predictable fiscal policy to support the business environment and stimulate investments in sectors with high added value, simplifying fiscality and making internal processes more fluid**, in order to create the assumption for sustainable economic growth;
- 4. Measures adopted by the Government regarding the stimulation of consumption** through the adoption **of salary and social measures for assurance of social protection and security for the elderly, the retired and the most vulnerable categories.**
- 5. Developing and diversifying public debt management instruments;**
- 6. Improving, applying and consolidating budgetary governance**, increasing budgetary transparency and making public spending more efficient

EXTENSIVE PRESENTATION OF THE OBJECTIVES AND MACROECONOMIC INDICATORS

- 1. Stimulating, continuing, consolidating and maintaining smart, sustainable, and inclusive economic growth**, meant to provide the premises for consolidating a strong, proactive state and a balance society, in order to increase the investor confidence in the Romanian economy

The macroeconomic framework configured for 2019-2021 has taken into consideration: **(i)** the positive impact of the fiscal and budgetary measures taken so far on the business environment and on the population's purchase power; **(ii)** the European and global framework, emphasized in the fall forecasts of the European Commission, and characterized by economic growth, but a less dynamic one, on the background of a higher degree of uncertainty, the increase of commercial tensions, the increase of oil prices, tensed financial markets, marked by multiple negative interconnected evolution risks; **(iii)** the economic and social achievements of 2017 and 2018 until the present, aspects which will form the basis of substantiation of the budget indicators for 2019 and the reference horizon 2020-2021, thus ensuring the predictable and sustainable nature thereof. Considering the evolution of the economic growth potential, for the period of 2019-2021 it is estimated that the Romanian economy will continue its sustained growth, being possible an increase of the gross domestic product by 5.4% yearly, on average.

Projection of the budget indicators for 2017-2021					
- % of GDP					
	2017	2018	2019	2020	2021
REVENUES of the general consolidated budget (cash)	29.40	31.38	33.51	32.23	31.97
EXPENDITURES of the general consolidated budget (cash)	32.24	34.29	36.28	34.55	33.98
BALANCE of the general consolidated budget (cash)	-2.84	-2.91	-2.76	-2.33	-2.01
BALANCE of the general consolidated budget (ESA)	-2.88	-2.96	-2.78	-2.68	-2.45
structural BALANCE	-3.36	-3.03	-2.97	-3.03	-2.77

The budget planning for 2019-2021 was based on the fiscal relaxation measures started in 2015-2016 with the aim of stimulating economic growth (the new fiscal code and the increases of salaries and of certain rights of social assistance type) and continued through the legislative acts adopted in 2017 through which were regulated measures in the field of salaries of public personnel, the legislation in the field of social rights, the legislation in the field of pensions, with additional impact on personnel expenditures, of social assistance expenditures, implemented in 2018, as well as the fiscal and budgetary measures taken in 2018, which will influence the macroeconomic framework and the budget indicators in 2019-2021.

Also, budgetary planning took into consideration:

- the achievement of the budget revenues in 2018.
- the medium term forecast for 2018-2022 (the winter forecast for 2019) elaborated by the National Commission for Strategy and Prognosis, according to which real GDP growth in 2019 will be of 5.5%.
- the ANAF's commitment to collect additional revenues of approximately 7.5 billion Lei through the intensification of the actions of improving collection and reducing tax evasion.

- the provisions of the current legislation, including for VAT (19% standard rate, reduced rate of 9% for foods) and excise duties (maintaining the level of the excise duty for energy products).
- the projection of budget revenues also includes the impact generated by GEO 114/2018, through:
 - (i) the increase of taxation in the field of gambling (0.5 billion Lei);
 - (ii) the increase of the level of excise duties for tobacco products (06 billion Lei);
 - (iii) Economic operators fully or majority State-owned which apply the provisions of GO no. 26/2013, shall distribute and transfer under the law, within 60 days as of the date of approval of the financial statements corresponding to year 2018, under the form of dividends or payments to the State budget, in the case of autonomous administrations, 35% of the amounts distributed to other reserves, in accordance with the provisions of art. 1 para. (1) letter g) in GO no. 64/2001, found in the accounts of available funds existing in the cash register and in the accounts at banks, as well as those corresponding to short-term investments at December 31, 2018 and those which are not committed on the same date through a procurement agreement to be used as own financing sources in accordance with art. 43 in GEO 114/2018 (1.5 billion Lei);
- the revenues estimated to be collected following the sale of telecommunications licenses of 5G type by ANCOM (2.1 billion Lei)
- the enforcement in 2019 as well of the measures of distribution of at least 90% of the net profit made under the form of payments to the State or local budget, in the case of autonomous administrations, or of dividends in the case of national companies and fully or majority State-owned companies.
- the term provided under art. 6 in Government Ordinance no. 5/2013 on the establishment of certain special taxation measures of activities of the type of natural monopoly in the sector of electricity and natural gas, as subsequently amended and supplemented, as well as the term provided under art. 6 in Government Ordinance no. 6/2013 on the establishment of special measures for the taxation of natural resource exploitation, other than natural gas, approved as amended and supplemented through Law no. 261/2013, shall be postponed until December 31, 2021, inclusive.
- the estimation of Pension Pillar II for the period 2019-2022 was made on the basis of maintenance, just like in 2018, of a share of contribution to the pension fund of 3.75%, in accordance with the provisions of art. 43 para. (3) in *Law no. 411/2004 on privately managed pension funds, as subsequently amended and supplemented*.

✓ ***The following were considered when estimating the expenditures:***

- as of September 1, 2019, the value of the pension point will be increased by 15%, respectively from Lei 1,100 to Lei 1,265;
- as of September 1, 2019, the guaranteed social allowance for the retired will be increased by 10%, respectively from Lei 640 to Lei 704;
- as of the month following that of entry into force of the law of the State budget for 2019, the amount of the State allowance for children will be increased from Lei 200 to Lei 300 for children up to 2 years of age or up to 3 years of age, in the case of handicapped children; from Lei 84 to

Lei 150 for children with ages between 2 years and 18 years, as well as for 18 year olds who are enrolled in high school or professional studies organized under the law, until they complete said studies, and from Lei 200 to Lei 300 for children with disabilities aged between 3 and 18 years, in the case of handicapped children.

- as of January 1, 2019, the minimum gross salary guaranteed at country level provided by art. 164 para. (1) in Law no. 53/2003 - Labor Code, as republished, as subsequently amended and supplemented, shall be established in money, without inclusion of bonuses and other additions, at the amount of 2,080 Lei per month;
 - as of January 1, 2019, the basic salaries, the position based military pay/position based salaries, the employment allowances shall be increased by 1/4 from the difference between the basic salary, the position based military pay/position based salary, the employment allowance provided by law for year 2022 and that from the month of December 2018;
 - as of January 1, 2019, the amount of the bonuses, allowances, compensations, premiums and other elements of the salary system they are part of, according to law, from the gross monthly salary, the monthly military pay of which the personnel paid from public funds benefits, shall be maintained at most at the level of the amount awarded for the month of December 2018;
 - the award between 2019 and 2020 of holiday vouchers according to the provisions of GEO no. 8/2009;
 - the award between 2019 and 2020 of the meal benefit provided by art. 18 in Framework law no. 153/2017;
 - between 2019 and 2021 for the military personnel, policemen and public servants with special status from the system of administration of penitentiaries, the allowances, compensations, premiums, aids, compensatory payments, reparations, monthly compensations for rent and other rights awarded in accordance with the legislative acts in force, which are not part of the gross monthly military pay/gross monthly salary, shall be maintained at the level of the month of December 2018;
 - between 2019 and 2021, the amount of the money compensation, respectively of the value allowance for meal rights and, respectively, the annual financial value of equipment standards, as well as the financial value of the equipment rights shall be maintained at the level set for the month of December 2018;
 - between 2019 and 2021 shall be maintained in payment at the level awarded/due for the month of December 2018 certain allowances paid to disadvantaged people, like: the allowances for the people politically and ethnically persecuted, the allowances for the members of the Romanian Academy, and so on.
 - Between 2019 and 2021, the life annuities provided by art. 64 in the Law of physical education and sports no. 69/2000, as subsequently amended and supplemented, shall be awarded in the amount payable in December 2018;
- Also, when establishing the personnel expenditures for 2019 it was considered the continued application of some of the measures which refer to the limitation of expenditures approved in previous years, as follows:
- overtime worked over the normal working hours or on free days shall be compensated only by free time, with certain exceptions in the case of the personnel from the fields of defense, public safety and order or in the case of the personnel with special status;

- between 2019 and 2021, public institutions and authorities shall not give awards to the personnel thereof, with certain exceptions in the case of sportsmen and technical teams, students, pupils and teachers;
- between 2019 and 2021 shall not be awarded the aid or, as applicable, the allowances for retirement, withdrawal, termination of employment relations or discharge;
- Between 2019 and 2021, public institutions and authorities shall not award to the personnel bills, with the exception of nursery vouchers regulated by Law no. 165/2018.

Under these circumstances, the **budget revenues** projected for year 2019 represent 33.51% of the GDP, 32.23% in year 2020, and shall represent 31.97% of the GDP as of year 2021, an evolution caused by the evolution of the macroeconomic indicators on the reference horizon, as well as by the legislative acts adopted until this moment, and **budget expenditures** projected for year 2019 represent 36.28% of the GDP, going to 33.98% in 2021, decreasing on the reference horizon as share in the GDP.

It should be noted that for year 2017 **the cash deficit** was of 2.84% of the GDP, **which corresponds to a registered ESA deficit of 2.88% of GDP and a structural deficit of 3.36% of the GDP, and in 2018 the cash deficit was estimated at 2.91% of the GDP, to which corresponds an estimated ESA deficit of 2.96% of GDP.**

Budget planning for 2019 and the estimates for the period of 2020-2021 establish the ESA budget deficit of 2019 at 2.78% of GDP, an adjustment of 0.18 percentage points compared to 2018, which will continue on the horizon of 2020-2021, and will reach 2.45% of GDP in 2021, respectively an adjustment of 0.33 percentage points compared to year 2019.

On the horizon of 2019-2021, the budget deficit policy continues to directly support economic growth, within the margin allowed by the Stability and Growth Pact, **respectively an ESA budget deficit of 3% of GDP.**

In structural terms, it is estimated that the significant deviation registered in 2016 from the MTO set for Romania (namely of 1% of GDP) will be adjusted as of 2021.

The deviation from the MTO would occur if a sustainable level of public debt below 40% of GDP is maintained on the entire planning horizon, Romania recording in 2017 a percentage of public debt of 35.2%, less than in 2016 by 2.1 percentage points.

The perspective of moderate growth of the government debt on the medium term and of maintenance at a relatively stable and sustainable level is due to the sustained economic growth and to budget deficits calculated in accordance with the EU methodology of up to 3.0% of GDP between 2019 and 2021.

The estimate of the structural budget balance, in spite of the fact that it better reflects the fiscal position of an economy, presents a certain uncertainty associated with the projection thereof. Thus, the value of the structural balance depends on the level of the production gap, which, in its turn,

depends on the potential GDP, an unobservable dimension which is often subject to more or less significant revisions according to the revision of the statistical data and of the methodology used.

The estimates for 2019 of the main macroeconomic and budgetary indicators are:

MAIN MACROECONOMIC INDICATORS - SYNTHESIS	
Indicators	Year 2019
GDP - million lei	1,022,472.2
Economic growth %	5.5
Average annual inflation %	2.8
Revenues of the GCB - million lei	342,675
Weight of total revenues in GDP	33.51
Expenditures of the GCB - million lei	370,924
Weight of total expenditures in GDP	36.28
Deficit - million lei	-28,249
Deficit - weight in GDP	-2.76
Unemployed (total number of persons)	287,000
Average net monthly salary	3,085

Contribution of the usage components to real GDP growth

	Percentages	
	2018	2019
GROSS DOMESTIC PRODUCT	4.1	5.5
Domestic demand	5.9	6.1
Final consumption	3.9	4.7
- Expenditures for private consumption, of which:	3.3	4.0
-- Expenditures for final consumption of the population	3.3	4.0
- Expenditures for government consumption*, of which:	0.6	0.7
-- Effective collective consumption of the public administration	0.5	0.4
Gross capital formation	2.0	1.4
- Gross fixed capital formation	-0.7	1.5
- Change of stocks	2.8	0.0
Net export	-1.8	-0.6
Export of goods and services	1.8	2.9
Import of goods and services	3.8	3.5

*) Government consumption includes the individual and collective consumption of the public administration

Note: The possible inconsistencies when adding up are due to rounding offs.

Contribution of the branches to real growth of GDP

	- percentages -	
	2018	2019
Industry	1.0	1.3
Agriculture, forestry, fishing	0.4	0.1
Constructions	-0.3	0.4
Total services	2.0	3.3
Net taxes on product	1.0	0.4
GROSS DOMESTIC PRODUCT	4.1	5.5

Note: The possible inconsistencies when adding up are due to rounding offs.

Economic growth for 2019 is estimated at 5.5% with the contribution of the following factors:

- ✓ **Domestic demand** will represent the engine for economic growth, and on the offer side it is estimated an improvement of the economic activity in all sectors, especially in the sector of services, and in the industrial branches with high export potential.
- ✓ **The average annual growth rhythm of gross fixed capital formation** will be of 6.9%
- ✓ **The expenditure for the final consumption of the population** will increase by 6.5%.
- ✓ **Measures which ensure better participation on the labor market** for the purpose of reaching by 2020 an employment rate of 70% for the population aged between 20 and 64 years, in accordance with the priorities of the Europe 2020 Strategy. It is expected a continued improvement of the labor market, through an increase of employed population by 1.4%, at the same time with the decrease of the unemployment rate to 4.1%.

In this framework, the following programs will be financed:

- The **Government program "INVEST IN YOURSELF"** whose object is to facilitate access to financing for youth aged 16 to 26 who are enrolled in the educational system or who take specialization courses authorized by the Ministry of National Education, and, as applicable, by the Ministry of Labor and Social Justice. Also, the program can be accessed by people with ages between 26 and 55 years, if they are enrolled in the educational system or take courses of professional reconversion and/or specialization.
 - Facilitating access to financing consists of securing a credit of at most 40,000 Lei up to 80% by the State through the National Credit Guarantee Fund for Small and Medium Enterprises and through the Romanian Counter-guarantee Fund, except for the banking interests, commissions and expenses, as well as in bearing the interests and expenditures corresponding to the credit.
 - The credit awarded can be supplemented by up to 20,000 Lei if the beneficiary is employed or gets employment during the term of the credit.
 - The credit is granted for a term of at most 10 years, including the grace period.
 - The use of the credit is to cover the needs of the beneficiaries and of their families regarding education, health, culture, sports and living.
 - Currently, the program is carried out through CEC Bank, for which approximately 2500 applicants have already been received and approved. It was approved for the program to be carried out through Banca Transilvania and Banca Comerciala Romana S.A. as well.
 - In accordance with the provisions of art. 1 para. (3) in GEO no. 50/2018 on the implementation of the Government program "INVEST IN YOURSELF", the interest payments for the awarded credit, as well as the expenditures regarding the commissions for analysis and management of the guarantees will be borne from the State budget through the budget of the National Commission for Strategy and

Prognosis. For 2019 are provided commitment appropriations of 60 million Lei and budget appropriations of 10 million Lei.

- **First Rent Program** is a program through which the unemployed who find work at a distance of more than 50 kilometers from their domicile may benefit of a subsidy of at most 75% of the value of their rent, but not more than 900 Lei per month.
- **Start-up Nation Program** whose objective is to increase the number of enterprises and jobs, the insertion on the labor market of disadvantaged individuals, of the unemployed and of graduates, the increase of investments in new innovative technologies. Through this program is awarded a de minimis aid to a maximum annual number of 10,000 beneficiaries which are small and medium enterprises for a maximum amount of 200,000 Lei/beneficiary, representing 100% of eligible expenditures.

✓ **Supporting the business environment in order to create the assumptions for sustainable growth.**

- The following measures were implemented in the beginning of 2018:
 - Reduction of the personal income tax rate from 16% to 10% as of January 01, 2018;
 - Reform of social contributions: reducing the total rate of mandatory social contributions on the whole by 2 percentage points, from 39.25% to 37.25%, reducing the number of social contributions to 2 contributions owed by the employee (CAS, CASS); introducing the labor insurance contribution owed by the employer, amending the tax burden of the obligations related to mandatory social contributions owed by the employee and by the employer, meaning that the CAS and CASS are owed only by the employee;
 - As of 2018 were amended the conditions of classification of Romanian legal entities into the category of microenterprises: i) increasing the level of revenues obtained by December 31 of the previous fiscal year from EUR 500,000 to EUR 1,000,000; ii) eliminating the requirement regarding the obtaining of revenues from consultancy and management; iii) eliminating the activities for which taxpayers do not apply this taxation system (the Deposit Guarantee Fund in the Banking System, the Investor Compensation Fund, the Guarantee Fund for Private Pensions, the Guarantee Fund for the Insured).
 - Reduction of the transfer rate to pillar II from 5.1% to 3.75% as of January 01, 2018;
- **The Program of "State aid for financing investment projects"**, includes State aid schemes which apply both to large enterprises and to SMEs, whose objective is regional development through the stimulation of investments, creation of new jobs, as well as modernization or development of SMEs, which includes 6 State aid schemes, of which:
- 4 State aid schemes which are closed for issuance of financing agreements, but for which the payment procedures for State aid and monitoring of the **performance of investments and creation of jobs** continue (G.D. No. 1165/2007, G.D. No. 1680/2008, G.D. No. 753/2008, G.D. No. 797/2012);
 - two State aid schemes open for issuance of financing agreements, established through G.D. No. 332/2014 *on the establishment of a State aid scheme to support investments promoting*

regional development through creation of jobs, as subsequently amended and supplemented, and G.D. No. 807/2014 *on the establishment of a State aid scheme whose objective is to stimulate investments with major impact on the economy*, as subsequently amended and supplemented:

- **The Program of "Transfers in the State aid schemes representing amounts returned for the excise duty for diesel used as fuel"**, carried out between 2014 and 2017 in accordance with the provisions of **G.D. no. 537/2014**. In order to support economic operators, the Government decided **to continue this State aid measure**.
 - The State aid scheme has a maximum estimated budget of 60,000 thousand Lei, with an annual budget of 20,000 thousand Lei.
 - The total estimated number of economic operators that shall benefit of State aid on the basis of the scheme is of 1500.

- **Support program for small and medium enterprises - SME Invest Romania**.
 - Through the support program for SMEs is considered the award of State guarantees through the FNGCIMM for bank credits for working capital and investment credits contracted by SMEs. The percentage of guarantee is of 50% of the financing value, with the exception of the projects of leisure centers for which the percentage of guarantee is of 80%.

 - The maximum cumulated value of the financing guaranteed by the State that can be awarded to one beneficiary is of 10,000,000 Lei, and the maximum value of every guarantee awarded to one beneficiary may not exceed 5,000,000 Lei for credits/credit lines for financing of working capital, respectively 10,000,000 Lei for investment credits.

 - The maximum financing term is of 120 months, in the case of investment credits, and of maximum 24 months for credits/lines of credit for financing of working capital. Credit lines can be extended by at most 24 months.

Main advantages of the Program:

- stimulating credit institutions in creating financing products addressed to a segment of SMEs with high risk profile, by offering a guarantee product in the name and on the account of the State;
- supporting the development of the SME sector both through consolidation of existing companies and through stimulating the incorporation of new small and medium enterprises.
- increasing the degree of accessing European funds in the current programming interval, 2014-2020

→ Government support programs for the population and the business environment

→ State aid scheme to support the cinematographic industry

- The state aid scheme to support the cinematographic industry was regulated through Government Decision no. 421/2018 with the objectives of developing European and international cinematographic cooperation, supporting movie producers in order to increase national movie production, create new jobs in the creative and related industries, promoting the national cultural identity and that of the national minorities from Romania through the production of cinematographic movies and promotion in the world circuit of values and supporting professional training in the field of the film industry.
- As of the launch of the opening session of the scheme and until the end of 2018 were submitted 41 financing applications amounting to a total of 209.5 million Lei, of which 19 were approved, the value of the approved State aid being of 147.3 million Lei. 16 financing applications which requested State aid of 53.5 million Lei are still being analyzed.
- Most cinematographic projects are co-productions in partnership with companies from Romania, which means that national capacities are used in creating cultural products that will enter the international circuit. It must be emphasized that all productions will have on the generic of the movie and on all advertising materials the mention: "Movie produced with support from the Romanian Government."
- The objectives sought through the introduction of this support mechanism have been reached by the Government, which has managed to bring Romania to the forefront of the artistic world, promoting both our landscapes, traditions and national values, and the specialists operating in the creative industries.
- Considering also the provisions of GD no. 421/2018 for the establishment of a State aid scheme regarding the support offered to the cinematographic industry, it is foreseen that in 2019 agreements of 233 million Lei will be concluded.

→ The Government Program "gROwth - Junior Centenary Individual Savings Account "

- The Government Program "gROwth - Junior Centenary Individual Savings Account" whose main objective is for the State to ensure financial support for all children from Romania, so that at 18 they should have a sufficient amount of money for education, professional training or any other needs they will have.
- The Program seeks to stimulate all parents to contribute to this savings account of their children, together with the State.
- For this purpose, an extremely simple mechanism of opening the accounts for every child from Romania was conceived through ordinance, namely the automatic opening thereof at the State Treasury units.
- The Government Program "gROwth - Junior Centenary Individual Savings Account" has the objective of creating a special savings account under the form of a deposit and is addressed to every child who is a Romanian citizen and has not turned 18.

- As of 2019, the holders of the accounts benefit of a premium from the State amounting to Lei 600 yearly until the age of 18, provided the amount deposited that year into the account is of at least 1,200 Lei.
- The amounts deposited into the Junior Centenary individual savings account, with the exception of the amounts representing the State premium, bear interest.
- The ordinance provides that the State will deposit into the account of every child a State premium of 600 Lei, if the parents or legal representatives thereof deposit a minimum amount of 1200 Lei.
- the second manner of support consists of granting from the budget an interest of 3% per year, a stimulative and constant interest until the age of 18.

It must be emphasized that it was provided that this program should also be to the benefit of children protected through specialized public services, in which case the minimum deposit of 1200 Lei will be from the budget as well. Practically, these children will receive into the account opened in their name 1800 Lei yearly, until they turn 18.

For this program it is foreseen to be made in 2019 commitments of 2 million Lei and payments of million Lei.

→ **The establishment of the programme “gROwth - we invest in children, we invest in the future”**, a government programme whose object is financial support for private investments in the construction and/or establishment and equipment of kindergartens with sport profile.

- Financial support consists of non-reimbursable aid for part of the eligible expenditure, as well as the State securing part of the loan used by an investor for the construction and/or establishment and equipment of kindergartens with sport profile.
- The Beneficiaries of the Program are legal entities of private law, including nongovernmental organizations, associations, foundations and/or fiscal groups, as well as the Romanian Olympic and Sports Committee, the associations and foundations, the federations or sports clubs that take the initiative of building kindergartens with sport profile.
- The maximum ceiling of support from public sources which can be awarded to one beneficiary for the construction of the building, the establishment and equipment of kindergartens with sport profile is of at most EUR 500,000.
- The non-reimbursable aid paid in accordance with the State aid scheme established on the basis of this emergency ordinance shall be borne from the State budget, respectively from the budget of the General Secretariat of the Government, through the budget of the National Commission for Strategy and Prognosis.
- The Ministry of Public Finance is authorized to mandate the National Credit Guarantee Fund for Small and Medium Enterprises and the Romanian Counter-guarantee Fund in order to issue guarantees in the name and on the account of the State, in favor of the banks which grant credits within the Program.

For the Program “gROwth - we invest in children, we invest in the future” it is foreseen that commitments of 300 million Lei will be concluded in 2019.

→ **Adoption of the Prevention law no. 270/2017**, to eliminate the causes which put a brake on the business environment in Romania, especially the thick legislation and the frequent amendments thereto and to create the assumptions for the prevention of the commission of

civil offences, which has a significant macroeconomic impact on medium and long term, especially on SMEs, a category which represents the engine of any modern economy, due to the fact that they are more dynamic and flexible than large enterprises. This law established instruments which ensure the prevention of the commission of civil offenses.

The Ministry of Public Finance **will continue to support the business environment** through the support measures of the type of State aid, under observance of the Community regulations in the field, seeking especially:

- to select the investments with a real impact on regional development through the creation of new jobs and, implicitly, the increase of the contributions of the enterprises financed through the payment of taxes and charges to the general consolidated budget of the State, as well as the local budgets;
- to efficiently and transparently allocate the budget resources through the State aid policy, in accordance with the Community and national provisions in the field;
- to improve the planning of the analysis and control activity in order to make more efficient the award of financing agreements and the performance of payments, to improve the communication with the business environment;
- to support all enterprises who make investments and create new jobs, thus actively participating to the reduction of economic gaps between the regions and to the decrease of unemployment;
- to increase the turnover, due to the development and modernization of large enterprises and of SMEs, respectively the development of the providers of assets, raw materials, materials;
- **Other measures to stimulate economic growth**
 - **Structural reforms in the sector of companies, respectively improvement of corporate governance**, represent a priority for the Government, targeting the reform of private management in State-owned companies from strategic fields. It shall be considered:
 - to strengthen **financial discipline in the PE**, to continue **the process of consolidation/creation of the structures responsible for management of the PE from the tutelary authorities**, having as main objectives the assurance of transparency and integrity in the application of the principles of corporate governance of the PE subordinated thereto, as well as the assurance of stable and efficient management therein.
 - Continuance of the activities carried out with the purpose of *selecting the professional management in PE in the field of transport*.
 - In order to increase the economic performance of certain **PE from the fields of energy, transport and the defense industry**, actions are taken into consideration to continue *their process of restructuring/reorganization and rendering more efficient*;
 - **Consolidating public investments, especially in infrastructure**, is essential for a more balanced economic expansion.
- **In the field of transport**, the strategic priorities for transport infrastructures and services for the period of 2019- 2022, refer to: **territorial cohesion**, ensuring the interconnection of the national territory with the international routes, as well as regional interconnectivity, ensuring the basic infrastructure for the needs of modern transport economies, **efficiency**, through the

elimination of blockages and delays with impact on the economic and social environment; **durability**, through the promotion and introduction of smart transport means, which are less pollutant, thus contributing to the achievement of the objectives of Europe 2020 Strategy. **The General Transport Master Plan (GTMP)** elaborated for the period until 2020 and 2030 supplies the elements necessary for prioritization of the investments in the field of transport, for all modes of transport (road, railway, water, air), based on a multi-criteria analysis.

- **The establishment of the Development and Investment Fund managed by the National Commission for Strategy and Prognosis**, to finance the investment projects of the administrative-territorial units/subdivisions in main and secondary priority fields, like: health, education, water - sewerage, electricity network, and gas network, transport, roads, sanitation, culture, cults, sports, and residences. The Fund is also used to finance investment projects of universities.

- These projects are financed under the form of grants awarded from the Fund.
- The Fund's financing source is the loans in Lei awarded from the available funds of the general current account of the State treasury, within the limit of the amount 10,000 million EUR in Lei equivalent, calculated at the exchange rate of the NBR on the date of entry into force of this legislative act, for an interval of 20 years.
- The investments eligible to be financed from the Fund are new investments and the extension/finalization of existing investments, consisting of constructions, modernizations and equipment.
- The administrative-territorial units/subdivisions and the universities which benefit of grants from the Fund are required to return yearly for a fixed term of 20 years an amount representing their own contribution to the project.

- **Establishment of the Financing programme of investments for modernization and development of spa resorts, hereinafter referred to as the "Spa Resorts Programme"**, financed entirely from the budget of the General Secretariat of the Government through the budget of the National Commission for Strategy and Prognosis. The Beneficiaries of the Spa Resorts Programme are the administrative-territorial units/subdivisions, hereinafter referred to as ATUs, and the companies incorporated in accordance with the provisions in the Companies Law no. 31/1990, republished, as subsequently amended and supplemented, and the allocated amounts are used in accordance with the destinations provided by GEO 114/2018.

- The profile and content of the activity in the investments made by the Spa Resorts Programme's beneficiaries shall be maintained for at least 10 years as of the time of accessing of the amounts from this programme; otherwise, the beneficiaries will fully return the amounts obtained as financial aid in accordance with the legislation in the field of State aid.
- The investment projects implemented within the Spa Resorts Programme must be carried out within at most 12 months as of the conclusion of the financing agreement.

For this program it is foreseen to be made in 2019 commitments of 400 million Lei and payments of 80 million Lei.

- For the **National Local Development Program** (PNDL) was established stage II, seeking in the first place to make a balanced distribution of funds from the State budget on counties, based on indicators, and then, to allocate them inside the counties, on several steps, considering guiding principles for project selection. Correlating financing sources, avoiding double financing and harmonizing the technical selection criteria for the investment projects remain in the attention of the MRDPA in the following period as well.

- **Increasing the degree of absorption of structural and cohesion funds;**

European funds are a central element of budget sustainability, through the investment strategy and the non-reimbursable nature thereof. Creating the legislative and institutional framework in the field of ESI will allow the increase of absorption on the reference horizon, with role of stimulating economic activity.

- The value of payment applications that was declared to the European Commission is of 16.73 billion EUR, **which is a current absorption rate¹ of approx. 95.23% of the EU allocation for the period 2007 - 2013.**
- The total amount received by Romania from the European Commission for the period 2007-2013 is of 16.99 billion EUR, which represents approx. 96.69% of the EU allocation for the period 2007 – 2013, **the reimbursement rate² being of 84.7% of the total allocated for the period 2007 - 2013.**

In the financial exercise 2014-2020, Romania's total allocation is of over 43 billion EUR, of which 22.9 billion EUR through the Cohesion Policy and approximately 20 billion EUR through the Common Agricultural Policy and the Integrated Marine Policy.

The Operational Programs supported through the ESIF 2014-2020 are supplemented by the Operational Program of Aid for the Most Deprived, with financing from the Fund for European Aid to the Most Deprived (FEAMD), with a total allocation of 519 million EUR (of which the EU contribution is of 441 million EUR) for the period 2014-2020 and the European Territorial Cooperation Programs, with a total allocation of approx. 787 (of which the EU contribution is of approx. 670 million EUR) million EUR from funds corresponding to the objective of European territorial cooperation.

- *The Government intends to accelerate the rhythm of spending European Funds in order to reach a rate of 72.5% by December 31, 2020 and of 100% by December 31, 2023³.*

2. Allocating important amounts to support public investments through prioritization of significant public investments to ensure infrastructure and services, to improve life quality, with multiplier effect and direct contribution to gross fixed capital formation;

¹The current absorption rate represents the ratio between the value of expenditure statements sent to the European Commission and the total allocation that corresponds to the period 2007-2013.

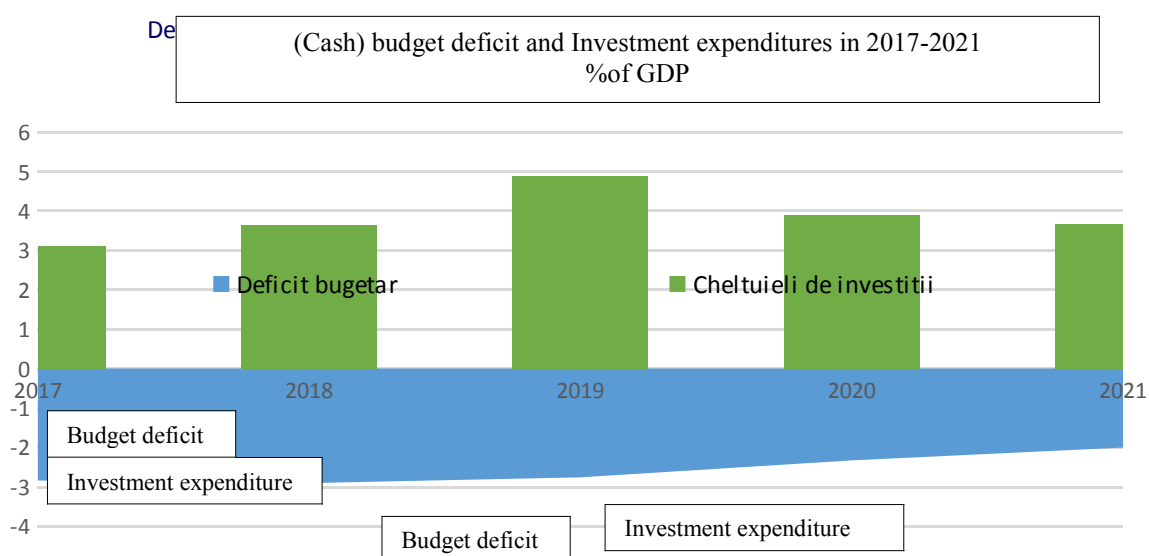
²The reimbursement rate represents the ratio between the value of the amounts paid by the European Commission and the total allocation corresponding to the operational programs.

³The Government program for 2017-2020

Investment expenditure between 2017 and 2021

	2017 achievem ents	2018 execution preliminary	2019 proposals	2020 estimates	2021 estimates
Total expenditures of GCB (million Lei)	276,161	322,454	370,924	380,433	400,500
- % of GDP	32.24	34.29	36.28	34.55	33.98
Investment expenditures of GCB (million Lei)	26,753	34,229	49,953	42,978	43,182
% of total expenditures	9.68	10.61	13.46	11.29	10.78
- % of GDP	3.12	3.64	4.89	3.90	3.66

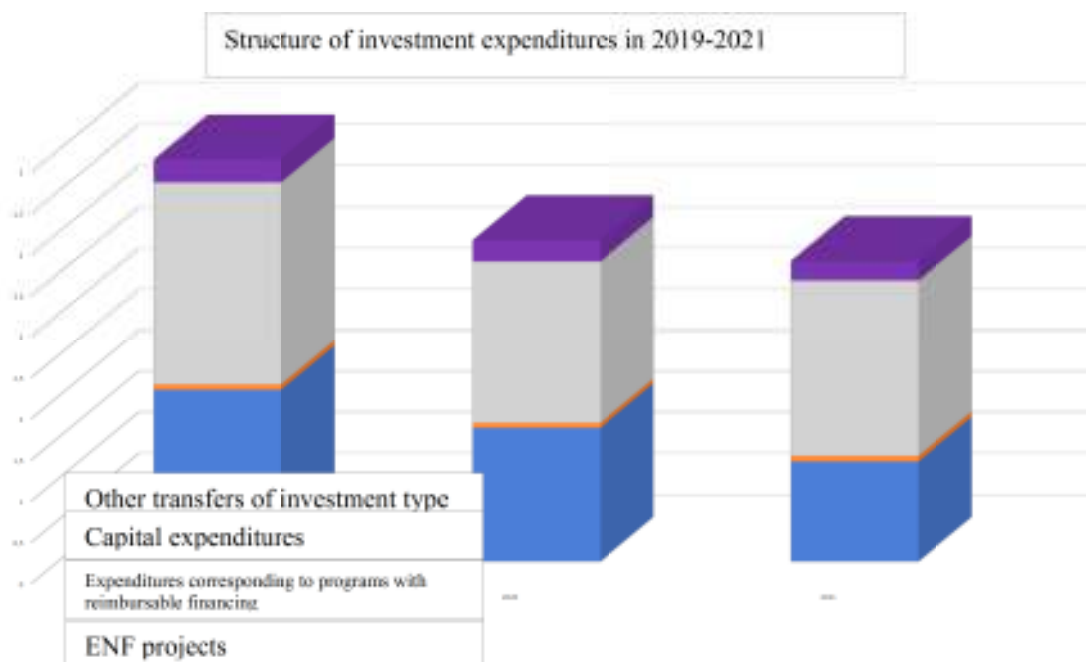
Note: Investment expenditures include the expenditures that correspond to financing programs from post-accession external non-reimbursable funds (post-accession ENF), capital expenditures and expenditures that correspond to programs with reimbursable financing.



Source: MPF

Between 2017 and 2021 investment expenditures were permanently over the level of budget deficit, although a deepening of the deficit is found in 2018, **which enters the adjustment trajectory as of 2019.**

A major priority of the Government is to improve the process of assessment, selection, prioritization and implementation of public investments, in order to increase the absorption of European funds, so as to decongestionate the fiscal space and support economic growth.



In 2019, expenditures dedicated to investments represent 49.9 billion Lei, being approximately 4.89% of GDP.

3. Creating a predictable fiscal policy to support the business environment and stimulate investments in sectors with high added value, simplifying fiscality, in order to create the assumption for sustainable economic growth;

The main objectives of the fiscal policy taken into account for medium term mainly refer to the following aspects:

- Continued implementation of the measures included in the Government Programme for 2018 - 2020, as the fiscal and budgetary space allows it;
- Continued improvement of the legislation to correspond to the criteria of harmonization with the Community legislation, through transposition into the national legislation of the measures adopted at European level;
- Improvement and simplification of the fiscal legislation, as a result of the dialogue with the business environment;
- Improving the legislation according to evasion phenomena, in order to fight them.

The main fiscal measures are presented in detail in chapter 4 of the strategy.

4. Measures adopted by the Government regarding the stimulation of consumption through the adoption of salary related and social measures for assurance of social protection and security for the elderly, the retired, students and the most vulnerable categories.

- As of January 1, 2019, the minimum gross salary guaranteed at country level provided by art. 164 para. (1) in Law no. 53/2003 - Labor Code, as republished, as subsequently amended and supplemented, shall be established in money, without inclusion of bonuses and other additions, at the amount of 2,080 Lei per month;

- as of January 1, 2019, the basic salaries, the position based military pay/position based salaries, the employment allowances shall be increased by 1/4 from the difference between the basic salary, the position based military pay/position based salary, the employment allowance provided by law for year 2022 and that from the month of December 2018;
- **Ensuring decent revenues for the retired**, to allow them to have a dignified and decent life after retiring is a priority of the Government Programme for 2018-2020;
 - As of September 1, 2019, the value of the pension point will be increased by 15%, respectively from Lei 1,100 to Lei 1,265;
 - as of September 1, 2019, the guaranteed social allowance for the retired will be increased by 10%, respectively from Lei 640 to Lei 704;
- **The policy in the field of social assistance, social inclusion and reducing poverty**
 The strategic objective of this policy is **to decrease the number of people at risk of poverty and social exclusion, in the context of creating a network of integrated, extensive and well-coordinated social services.**

5. Developing and diversifying public debt management instruments

On medium term, in order to fulfill the objective of development of the government securities market, the financing of the State budget deficit and the refinancing of government public debt will be mainly made from domestic sources and, as supplementation, from external sources, through issuances of government securities. The MPF will continue to have a flexible and transparent approach in making the financing process, reacting promptly to the changes of the market framework and to the investors' behavior.

In order to increase the accessibility of private individuals to purchasing government securities, it is considered to continue the issuance of government securities for the population through the "Tezaur" Program, within the limit of an annual ceiling, both through the operative units of the State Treasury and through the post offices of the National Company "Posta Romana" and the credit institutions, as well as to make it more flexible through the introduction of the possibility of anticipated redemption and transfer of ownership between private individuals.

In order to avoid seasonal pressure in assuring financing sources for the budget deficit and refinancing government public debt, the State Treasury will keep, just like in previous years, the financial reserve (buffer) in foreign currency, at an equivalent value covering the gross financing needs determined by the budget deficit and refinancing of public debt for approximately 4 months.

6. Improving, applying and consolidating budgetary governance, increasing budgetary transparency and making public spending more efficient

Making public spending more transparent and efficient will contribute to increasing fiscal space for investments, improving public finance sustainability on the medium and long term, increasing the capacity of absorption of European funds and increasing the predictability of the budgetary policy on medium term.

The Ministry of Public Finance gives special attention to the process of institutionalization of public spending analysis, through the creation of a structure responsible with making these analyses and elaborating adequate procedures for the ministries which would lead to an optimal allocation of resources.

Pilot spending analyses were made in the fields of transportation, health, education, in order to prioritize and make more efficient their allocation and identify saving modalities.

Also, in 2017 started the implementation of a technical assistance project regarding the consolidation of the capacity of making public spending analyses, through the EC - Structural Reform Support Programme. The end purpose of the project is to elaborate a Public spending analysis manual, which details the practices to be followed in the public spending analysis process.

Measures to limit spending, as applicable, in order to observe the target deficit below 3% of GDP through a continued application in 2018 as well of some of the measures approved in previous years, namely:

- overtime worked over the normal working hours or on free days shall be compensated only by free time, with certain exceptions in the case of the personnel from the fields of defense, public safety and order or in the case of the personnel with special status;
- between 2019 and 2021, public institutions and authorities shall not give awards to the personnel thereof, with certain exceptions in the case of sportsmen and technical teams, students, pupils and teachers;
- between 2019 and 2021 shall not be awarded the aid or, as applicable, the allowances for retirement, withdrawal, termination of employment relations or discharge;
- Between 2019 and 2021, public institutions and authorities shall not award to the personnel bills, with the exception of nursery vouchers regulated by Law no. 165/2018.

2. Medium term budget objective

2.1 Potential GDP and output – gap

In 2019-2021, the potential gross domestic product will increase at an average annual pace of 5.2%. The estimate and prognosis of the potential GDP is made in accordance with the common European methodology agreed by all EU Member States, but based on the medium-term prognosis presented in the Strategy. On medium term, the main contribution to potential growth is given by the total productivity of the factors. The latter is given by the contribution of the capital stock, which is slightly increasing, considering the evolution of gross fixed capital formation.

Given that demographic indicators continue the negative tendency and the effective unemployment rate will be at approximately the same level as NAWRU, the contribution of the labor factor to

potential growth will be positive, but it will be below 1 percentage point, decreasing from 0.8 percentage points in 2018 to 0.3 percentage points in 2021.

Romania has currently one of the biggest growth rates of the potential GDP among the EU Member States. According to the estimates of the European Commission from the Autumn Forecast of 2018, this year the potential growth will be of 4.6%, the biggest amount the non-EUR Member States.

- Potential GDP growth and contributions of the factors -

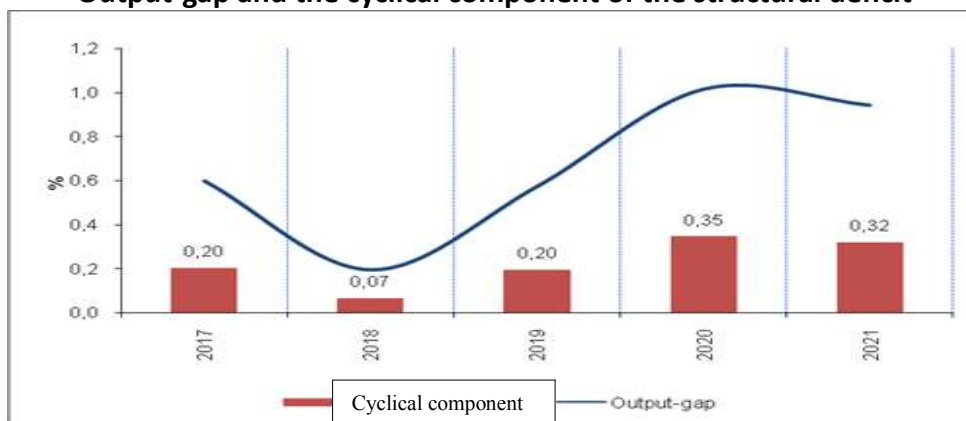
	Contributions - percentage points -				
	Potential GDP	Capital	Labor	PTF	Output Gap
2017	4.6	0.9	0.3	3.4	0.6
2018	4.9	0.8	0.6	3.4	0.2
2019	5.1	1.1	0.6	3.4	0.6
2020	5.2	1.2	0.5	3.4	1.0
2021	5.0	1.4	0.2	3.4	0.9

Note: Differences when summing up, where applicable, are due to rounding offs

Source: National Commission of Strategy and Prognosis

The output-gap has slightly positive values as of 2017. Moreover, given that the effective growth of 2018 will slow down, due to circumstantial factors, the output-gap will be reduced to 0.2% of the potential GDP. On medium term, the output-gap will be at a maximum of 1% of the potential GDP.

Output-gap and the cyclical component of the structural deficit



2.2. Evolution of the structural deficit in the period 2015-2021

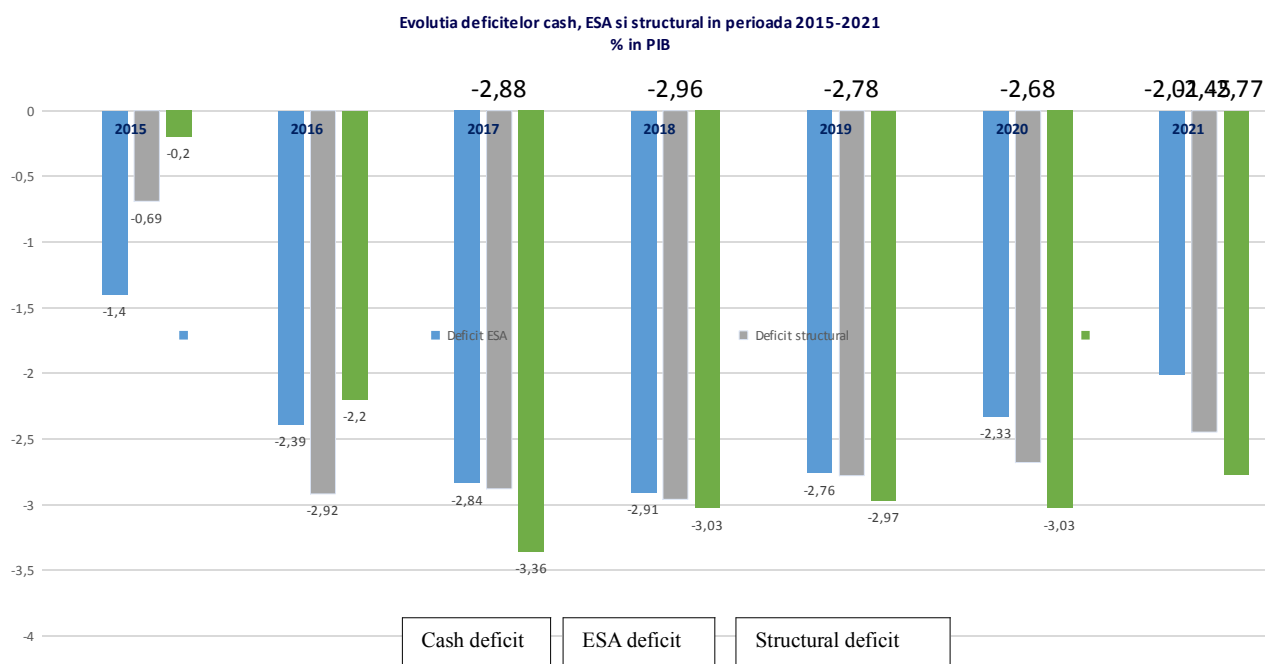
In 2017, Romania's structural deficit was of 3.36% of GDP, while in 2015 it was of 0.2% of GDP.

Budget deficits between 2015 and 2021

	- % of GDP						
Budget deficits	2015	2016	2017	2018	2019	2020	2021
ESA deficit	-0.69	-2.92	-2.88	-2.96	-2.78	-2.68	-2.45
Structural Deficit*)	-0.2	-2.2	-3.36	-3.03	-2.97	-3.03	-2.77
Cash deficit	-1.4	-2.39	-2.84	-2.91	-2.76	-2.33	-2.01

*) 2018-2021 estimates of the NCSP

Source: Autumn Forecast of the EC for 2018, AMECO, MPF



Source: Autumn Forecast of the EC for 2018, AMECO, MPF, NCSP

The adjustment made after the economic and financial crisis was mainly on the expenditure side, the structural reforms being promoted especially in the field of salaries of public employees, the public pension system and budget programming. Since Romania is a country which has had bigger imbalances at the beginning of the world crisis, bigger adjustment efforts were necessary compared to other countries from the region. The adjustment made by our country is a very ambitious one, and the performance obtained with regard to correcting fiscal imbalances judged in terms of structural deficit is very good, considering the extent thereof.

- ✓ The semi-definitive statistical data reveals the great performance registered by the Romanian economy in 2017, when the dynamics of the gross domestic product was of 7.0%, being the

seventh consecutive year of growth. Romania's economic growth was of 4.1% in 2018, being supported on the offer side mainly by the sector of industry and that of services, and on the demand side by a more balanced contribution of consumption and gross investments.

- ✓ In 2015, the structural deficit was of 0.2% of GDP, the recorded level being consistent with the provisions of the Fiscal Treaty.
- ✓ Considering the adopted fiscal relaxation measures, as well as those from the field of expenditures, the projection of the general consolidated budget deviates from the Medium-Term Budgetary Objective (MTO) as of 2016 and in the following period, respectively 2017-2021, the structural budget deficit being over 1% of GDP.
- ✓ The budget deficit of 2019, defined in structural terms, is of 2.97% of GDP, compared to the Medium-term Budgetary Objective.
- ✓ Although in 2016 a deviation is registered which is maintained in the following years, nevertheless, as of 2021 it enters on an adjustment trajectory, which means the application of measures of recovery from the estimated deviation.

The deviation from the MTO would occur if a sustainable level of public debt below 40% of GDP is maintained on the entire planning horizon.

3. Macroeconomic framework

3.1 Recent macroeconomic evolutions of the Romanian economy

Year 2017

In 2017, Romania registered an economic growth of 7.0%, being the seventh consecutive year of growth. In growth of 2017 was due both to the positive contribution of domestic demand to consumption, following the fiscal relaxation measures, and the salary increases that improved the population's purchase power, and to the contribution of gross investments from the economy (gross fixed capital formation), which increased by 3.5% compared to 2016.

Exports of goods and services increased by 10.0%, while imports of goods and services registered an increase of 11.3%, net external demand having a negative contribution (0.7 percent), mainly because the domestic demand increase could not be entirely covered from domestic production.

In terms of domestic demand, it should be noted the significant increases of the gross added value in the agriculture sector by (14.6%), industry (8.3%) and services (6.9%). With regard to the constructions sector, the gross added value registered a slight contraction of 0.9%. Net taxes per product registered a 6.3% increase.

Year 2018

According to the data published by the NIS, economic growth of 2018 was of 4.1%, compared to 2017 (gross series, provisional data 1). In terms of economic growth, Romania is among the first Member States of the EU. On the whole European Union, the economic advance was of 2.0%. On the offer side, positive evolutions were registered in agriculture (9.9%), industry (4.1%) and services (3.6%), which shows the sustainable nature of economic growth, while the gross added value in constructions decreased (-5.6%). Domestic demand, with a contribution to the increase of gross domestic product of 5.9 percent, was mainly based on the expenditures for the final consumption of households, which, based on an inflation following an ascending trend and on a more restrictive monetary policy, tempered its growth manifested in the last 2 years, increasing by 5.2% in 2018 compared to 2017. At the same time, the effective collective final consumption of the public administration increased by 6.4%.

The gross accumulation (gross capital formation) increased by 8.7% compared to 2017, having a contribution of 2.0 percentages to real GDP growth. On components, gross investments (gross fixed capital formation) decreased by 3.2%. Net export registered a negative contribution of 1.8 percent due to the fact that imports of goods and services increased by 8.7%, while export of goods and services increased by 4.7%.

The slowing of economic growth of 2018 has a circumstantial nature and was mainly caused by the accentuated increase of oil prices and of the prices of the other energy products, by the slowing down of economic growth in the EU, and on the domestic side, by the accentuated inflation and rough monetary policy.

- percentage amendments compared to the previous year -

Gross domestic product	2017	2018
	semi-definitive	provisional
Domestic demand, of which:	7.6	5.8
Final consumption	8.6	4.9
- Private consumption expenditures	10.1	5.2
- Expenditures for final consumption of the	10.1	5.2
- Government consumption expenditures	1.0	3.8
- Effective collective consumption of the public	5.2	6.4
administration		
Gross fixed capital formation	3.5	-3.2
Export of goods and services	10.0	4.7
Import of goods and services	11.3	8.6
GDP	7.0	4.1
- Industry	8.3	4.1
- Agriculture	14.6	9.9
- Constructions	-0.9	-5.6

Gross domestic product	2017	2018
	semi-definitive	provisional
- Services	6.9	3.6

Source: National Institute of Statistics

Occupation is improving, Romania fulfilling the commitment it undertook through the “Europe 2020” Strategy. Unemployment has reached historical minimum levels.

In Q3 of 2018, the population employment rate for the population aged 20 to 64 years was of 71.3% (according to the AMIGO definition), exceeding by 1.3 percentage points the national target of 70% established in the framework of the 2020 Strategy.

The average number of employees (average monthly population, according to the NIS, as per the national methodology) was of 4,929.5 thousand people in 2018, increasing by 1.8% compared to 2017 (respectively 86.8 thousand people). The biggest share in the total economy is represented by the number of employees from the industry, which reached 28.1%.

The gross average salary per total economy was of 4,488 Lei in 2018. The average net salary increased by 13.1%, being of Lei 2,696.

In real terms on the total economy, the increase of the salaries was of 8.1%.

The unemployment rate registered at the end of December 2018 was of 3.31%, 0.72% lower than at the end of December 2017 (4.03).

In 2017, exports of goods had a value of 62.6 billion EUR, increasing by 9.2% compared to year 2016, while the increase registered by imports of goods was of 12.2%, the value thereof being of 75.6 billion EUR. Under these circumstances, the FOB-CIF commercial deficit was of 13.0 billion EUR, increasing by 30.0% compared to that registered in 2016.

In 2018, exports of goods reached the value of 67.7 billion EUR, increasing by 8.1% compared to the previous year, and CIF imports reached a value of 82.9 billion EUR, increasing by 9.6%.

The current account of the payment balance registered in 2018 a deficit of 9.4 billion EUR, representing 4.7% of GDP. It was financed up to 52.4% from direct foreign investments which totaled 4.9 billion EUR.

Foreign trade and current account	- million EUR -	
	2017	2018
FOB export	62,644.1	67,732.4
- annual percentage change, %	9.2	8.1
CIF import	75,603.9	82,865.3
- annual percentage change, %	12.2	9.6
FOB - CIF Commercial Balance	-12,959.8	-15,132.9
Current account balance	-5,970	-9,416
- % of GDP	-3.2	-4.7

Source: National Institute of Statistics and National Bank of Romania

In 2018, consumption prices increased on average by 4.63% compared to the previous year, based on the increase of prices for non-food goods (6.20%), while prices of food goods increased by 3.75%,

and services tariffs by 2.53%. Annual inflation in December reached the minimum level of this year, of 3.27%, which is 0.16 percentage points less than in November.

The increase registered in 2018 was due both to the exceeding of the statistical effect associated to the fiscal relaxation measures from the beginning of 2017 (the reduction of the VAT rate and the elimination of over-excite and of certain non-fiscal duties), and to the increase of international quotations for oil (+33.1% compared to 2017), as well as to the energy group (+10.4% in 2018 compared to the previous year). An important contribution was brought by the nominal depreciation of the national currency, which was of 1.84%.

3.2. Budget execution in 2017 and preliminary execution of 2018

Budget execution in 2017

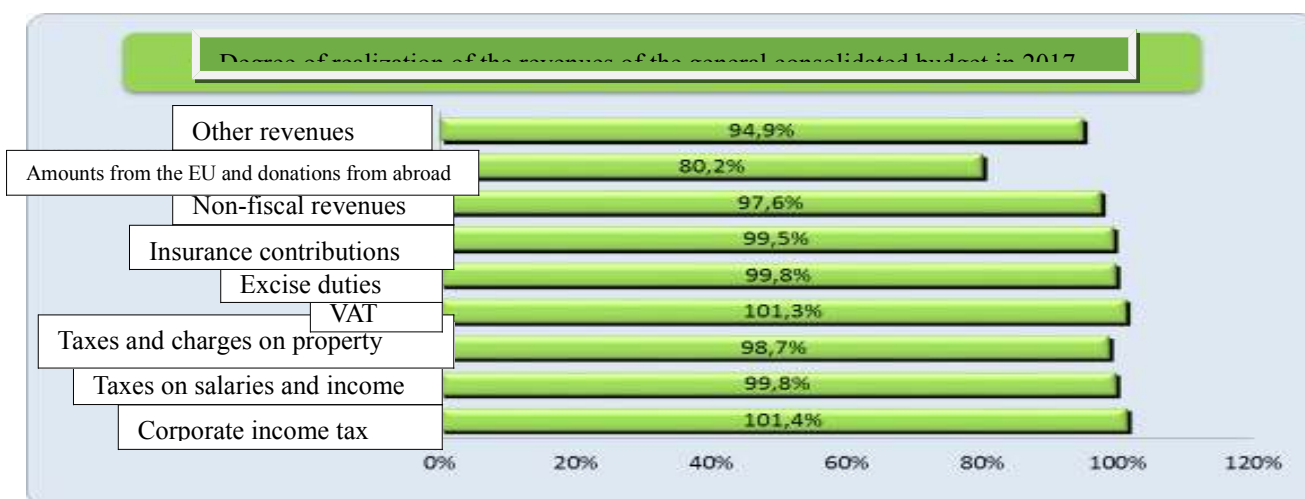
According to definitive data, the execution of the general consolidated budget between January 1 and December 31, 2017 ended with a cash deficit of 24.29 billion Lei, respectively 2.84% of GDP, below the established target, respectively an annual deficit provided at 24.97 billion Lei.

Compared to the previous year, the deficit of the general consolidated budget in 2017, on cash basis, increased as percentage of the GDP, by 0.45 percentage points, from 2.39% in 2016 to 2.84%.

		Cash deficit		
		2016	2017	Differences in 2017 compared to 2016
Deficit	Million Lei	-18,304.3	-24,294.7	-5,990.4
	% of G.D.P.	-2.39	-2.84	-0.45

Revenues of the general consolidated budget

The revenues of the general consolidated budget in 2017 totaled 251.9 billion Lei, representing 29.4% of the GDP and a degree of realization compared to annual estimates of 98.0%.

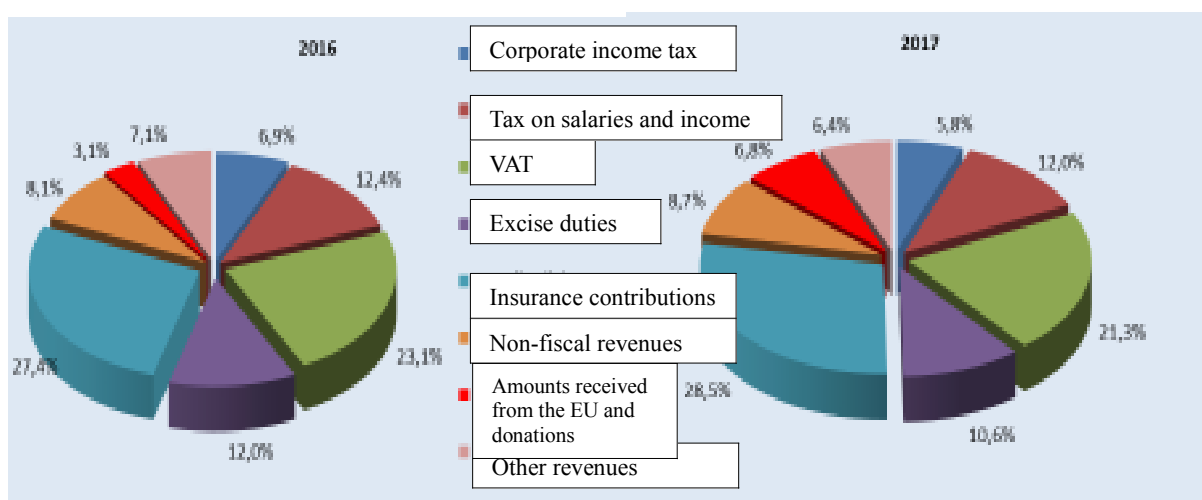


Compared to the annual programme of collections, budget revenues registered the following evolutions:

- Collections from fiscal revenues were higher than the annual programme, the degree of realization being of 100.2%, being influenced by the positive evolution of collections from the corporate income tax (101.4%); other personal income taxes, corporate income taxes and capital earnings (102.5%), as well as from the value-added tax (101.3%). Less favorable evolutions were registered in the case of collections from the personal income and salaries tax (99.8%); taxes and charges on ownership (98.7%); excise duties (99.8%); other taxes and charges on goods and services (90.9%); the tax on foreign trade and international transactions (98.7%), as well as in the case of other fiscal taxes and charges (83%).
- The collections from insurance contributions were lower than the collections programme, the degree of realization being of 99.5%. The failure to achieve the plan was caused by the lower collections of the annual programme in the case of revenues from insurance contributions collected at the unemployment insurance budget (98.5%), as well as those at the budget of the national single fund of health insurance (98.6%), while in the case of State health insurance the revenues from contributions were almost at the level of the annual collections programme, the degree of realization being of 99.97%;
- The collections from non-fiscal revenues were below the annual programme, the degree of realization being of 97.6%;
- The collections from the amounts received from the EU and other donors on account of payments made were below the annual programme, the degree of realization being of 79.5%.

Budget collections were influenced both by the economic evolutions, and by the fiscal policy decisions that were adopted, like: the increase of the minimum salary, the reduction of the standard VAT rate, the increase of salaries for certain categories of public employees, the increase of the pension point, the increase of the monthly non-taxable ceiling for pension revenues from Lei 1000 to Lei 2000 and the exemption of the retired from paying the health insurance contributions, as well as the amendment of the amount of excise duties.

Structure of budget revenues



In terms of the share of the main categories of taxes in the total collected taxes, increases were registered compared to the previous year, mainly in the case of revenues from insurance contributions, by 1.1 pp, of non-fiscal revenues, by 0.6 pp, and of the amounts received from the EU on account of payments made corresponding to the financial framework 2014-2020, by 3.7 percentage points.

In parallel, reductions were registered mainly in the case of revenues from the corporate income tax, by 1.1 pp, from taxes and charges on ownership, by 0.5 pp, the value added tax, by 1.8 pp, and the revenues from excise duties, by 1.4 pp, other taxes and charges on goods and services, by 0.2 pp.

Compared to the previous year, **the revenues of the general consolidated budget** increased by 12.5% in 2017, and as percentage of the GDP they increased by 0.1 pp.

Fiscal revenues increased in nominal terms by 2.8% compared to the previous year, and as percentage of the GDP they decreased by 1.5 percentage points.

Collections from the **corporate income tax** decreased compared to 2016 by 4.6% based on the decrease of collections of the economic agents, while collections from commercial banks were higher than in the previous year.

The evolution in structure of the corporate income tax at the State budget is the following:

- the corporate income tax paid by the economic agents⁴ has a negative dynamic in 2017 compared to the previous year, the collections registering a level of 14.0 billion Lei, i.e. 1.1 billion Lei less than in the previous year, representing a degree of realization of 101.2% in the programme;

Among the possible factors that exercised influences on the evolution of collections for this tax, the following can be mentioned:

⁴the collections from the “Corporate income tax from the economic agents” represents 95.3% of the total collections of “Corporate income tax”

- ✓ amendments of the payment system for the tax owed by companies, according to the provisions of the Law no. 170/2016⁵ on the tax specific for certain activities

The legislative act mentioned above includes the derogation from the provisions of title II⁶ in Law no. 227/2015 on the Fiscal Code, as subsequently amended and supplemented, regulating the specific tax for Romanian legal entities who perform activities corresponding to the NACE codes: 5510 - "Hotels and similar accommodation facilities", 5520 - "Holiday and other short-stay accommodation", 5530 - "Camping grounds, recreational vehicle parks and trailer parks", 5590 - "Other accommodation services", 5610 - "Restaurants", 5621 "Event catering activities", 5629 - "Other catering activities, n.e.c.", 5630 - "Bars and other beverage serving activities". At the end of 2017 were collected 0.1 billion Lei, considering that the provisions regarding the payment of this tax entered into force on January 1, 2017, the declaration and payment of the specific tax is made for one semester.

- ✓ extension of the scope of the provisions in "TITLE III Tax on the income of microenterprises"⁷ for the Romanian legal entities that have obtained revenues between the equivalent in Lei of EUR 100,000 and the equivalent in Lei of EUR 500,000, at the same time repealing the rate of 2% for the microenterprises which have one employee and entering into force the application of the rate of 1% for microenterprises which have one or several employees⁸

Thus, the collections from the revenue of microenterprises in 2017 were of 1.3 billion Lei, recording a growth of 0.5 billion Lei (+59.1%), compared to year 2016.

Although the level of collections from the corporate income tax from economic agents decreased compared to the previous year, in 2017 compared to 2016, in nominal terms the turnover from market services provided mainly to enterprises, gross series, increased on the whole by 12.8%, due to the increases registered for transport (+15.7%), other services supplied mainly to the enterprises (+15.4%), cinematographic production activities, video, TV programs; program broadcasting and transmission (+14.0%), information services and information technology activities (+4.3%) and communications (+4.2%).⁹

Also, the turnover from wholesale trade (with the exception of trade in motor vehicles and motorcycles), gross series, in 2017 compared to 2016, in nominal terms, registered a 7.5% increase due to the increase of non-specialized wholesale trade (+16.5%), specialized wholesale trade of other products (+14.6%), wholesale trade of consumer products, other than food products (+6.8%), wholesale trade of food products, beverages and tobacco (+5.9%), wholesale trade of gross agricultural products and live animals (+5.2%) and wholesale trade of other cars, equipment and supplies (+5.0%).¹⁰

⁵The law entered into force on January 1, 2017.

⁶TITLE II*) Corporate income tax

⁷Law no. 227/2015 on the Fiscal Code

⁸Enters into force on the date of publication of GOVERNMENT ORDINANCE No. 3/2017 of January 6, 2017 amending and supplementing Law no. 227/2015 on the Fiscal Code

⁹ NIS - Press release no. 41/February 14, 2018

¹⁰ NIS - Press release no. 40/February 14, 2018

- the corporate income tax paid by commercial banks¹¹ presents an ascending trend in 2017 compared to 2016, with a level of collections of 0.7 billion Lei, having a degree of realization of 107.1% in the programme.

Collections from the **personal income and salaries tax** registered an increase of 8.6%, the positive dynamic being influenced by the increase of the gross salary fund at national level by 18%¹² as well as by the increase as of February 1, 2017 of the basic minimum gross salary at country level from Lei 1250 to Lei 1450.

A negative evolution was registered by the pension income tax (-35%) influenced by the legislative measures regarding the increase of the monthly non-taxable ceiling for pension revenues from Lei 1000 to Lei 2000 and the exemption of the retired from paying health insurance contributions (as of the month of February 2017).

Collections from **taxes and charges on ownership** decreased by 9.1% compared to the year 2016, and as ratio in the GDP they decreased by 0.2 pp, the degree of realization of the programme being of 98.7%.

The decrease of collections compared to the previous year was due to the decrease of collections from taxes and charges on ownership at the State budget (-91.0%) based on the elimination of the tax on special constructions as of 2017.

Collections from **VAT** registered an increase of 3.6% compared to the previous year, the degree of realization of the collections programme being of 101.3%.

Compared to the revenues collected during the same period of the previous year, the revenues from value added tax registered an increase of 1.9 billion Lei, considering that the measure of reduction of the standard VAT rate from 20% to 19% was applied as of January 1, 2017, a measure which was reflected in the collections as of February 2017.

In structure, the revenues collected from VAT in 2017 are presented as follows:

- collections from domestic operations increased by 1.7%, considering that the volume of the turnover for retail trade (with the exception of trade in motor vehicles and motorcycles), gross series, between January 1 and November 30, 2017 compared to the period January 1 - November 30, 2016¹³ registered an increase of 10.3%,
- collections from imports of goods increased by 7%,
- value of value added tax returns decreased by 3%.

¹¹the collections from the “Corporate income tax from commercial banks” represents 4.7% of the total collections of “Corporate income tax” at the State budget

¹² In 2017, compared to the previous year, the average number of employees increased by 3.1% and the average gross salary at economy level increased by 14.5%

¹³ NIS - Press release no. 4/2018 on trade and services

With regard to the value of extra-Community exchanges of goods¹⁴ (Extra-EU28) it increased by 21.2% for imports and by 8.7% for exports (at values expressed in Lei) between January 1 and November 30, 2017 compared to the similar period of the previous year.

Collections from **excise duties** were of 26.6 billion Lei, decreasing by 1.3% compared to the previous year and with a degree of realization of the annual programme of 99.8%.

Collections from excise duties on energy products for year 2017 registered 14.3 billion Lei, representing 53.8% of total yearly collections, being 6.0% lower compared to the same period of the previous year. Collections from excise duties on energy products were influenced in legislative terms by the entry into force as of January 1, 2017 of the provisions of Law no. 227/2015 on the decrease of the level of excise duties on energy products.

Collections from excise duties on tobacco at the State budget for year 2017 registered 9.8 billion Lei, representing 39.1 % of total yearly collections, and being 5.3 % bigger compared to the same period of the previous year.

Collections from excise duties on tobacco from 2016 had an atypical tendency compared to those of previous years, being influenced by the uncertainties related to the date of approval of the transposition of the Tobacco directive into the national legislation, which brought major amendments to the conditions of manufacturing and sale of tobacco products. In November 2016 was approved Law no. 201/2016, which eliminated the existing uncertainties. The level of the excise duty increased from Lei 430.71/1000 cigarettes in 2016 to Lei 435.58/1000 cigarettes in 2017, according to a schedule approved for the period 2017-2022, of the excise duties for certain products from processed tobacco, like: cigarettes, finely cut smoking tobacco, dedicated to rolling cigarettes and other smoking tobacco. In this respect, starting with July 24, 2017, the level of excise duties for cigarettes was increased from Lei 435.58/1000 cigarettes to Lei 439.94/1000 cigarettes.

The collections from **other taxes and charges on goods and services** increased by 37.9% compared to 2016, the schedule of collections being made up to 90.9% due to the failure to achieve the revenues provided for the national single health fund, respectively the quarterly contribution for financing of certain expenditures in the health field (compared to an estimated level of 2.4 billion Lei, only 2.1 billion Lei were collected, the biggest failure coming from the contribution owed for cost-volume/cost-volume-result agreements).

The collections from **charges on the use of goods, the authorization of the use of goods or the performance of activities** totaled 2.9 billion Lei, 9.5% less compared to the previous year.

The decrease of collections for the charge on the use of goods, the authorization of the use of goods or the performance of activities was due to the decrease by 86.3% compared to the previous year of the collections of the budget of institutions/activities financed entirely and/or partially from own revenues, mainly as a result of the elimination¹⁵ of the environmental stamp for motor vehicles.

¹⁴ NIS - Press release no. 6/2018 on international trade of goods

¹⁵ According to the provisions of art. XII in Law no. 1/2017

The collections from the **tax on foreign trade and international transactions** increased by 5.7% compared to the same period of the previous year, based on the increase of the value of extra-Community exchanges of goods¹⁶ (Extra-EU28) by 21.2% at imports.

The collections from **insurance contributions** increased by 17.0% on the basis of the positive evolution of the number of employees, of the average gross salary, of the minimum salary, as well as of the salary increased given to certain categories of employees from the public sector.

Compared to 2016 were registered increases at the budget of social insurance by 19.1%, at the unemployment budget of 16.5% and at the budget of the national single fund for health insurance by 11.6%.

The increase of social contributions in the case of the social insurance budget by 19.1% is over the evolution of the gross salary fund at national level of 18.1%¹⁷, being influenced by legislative measures like the elimination of the maximum ceiling of 5 average gross salaries and the introduction of the payment obligation for contributions owed by the employers at the level of the minimum guaranteed gross salary at country level for part-time employees and full-time employees whose salaries are below Lei 1450.

The amounts transferred from the social insurance budget to Pension Pillar II totaled 7.1 billion Lei, which represented 99.3% of the annual programme estimated for Pension Pillar II.

Social contributions collected at the unemployment insurance budget were of 2.2 billion Lei, i.e. 16.5% over the collections registered in the same period of the previous year, the degree of achievement of the collection program being of 98.5%.

Social contributions collected at the national single health insurance fund were of 23.8 billion Lei, i.e. 11.6% over the collections registered in the same period of the previous year, the degree of achievement of the collection program being of 98.6%.

A negative evolution compared to the previous year was registered for the collections from the health insurance contribution owed by the retired, which was influenced by the legislative measure related to exempting the retired from paying health insurance contributions (as of February 2017).

Non-fiscal revenues of 2017 totaled 21.9 billion Lei (2.6% of GDP), i.e. 21.2% bigger than the collections of 2016.

The positive evolution of the collections in the case of non-fiscal revenues compared to the previous year was mainly due to the increase registered in the case of revenues from ownership (+87%), at the State budget, due to the increase of the revenues from dividends and of the transfers from the net profit of autonomous administrations (+3.2 billion Lei), of the transfers from the net revenues of the N.B.R. (+0.1 billion Lei), as well as of the revenues and amounts from the sale of greenhouse gas emission certificates (+0.2 billion Lei). A measure with positive impact on the revenues from ownership was represented by the introduction in 2017 in the scope of distribution of the revenues from dividends of the amounts distributed in previous years from other reserves, as well as of the distribution of the carried over result existing in the balance at the end of every year.

¹⁶ NIS - Press release no. 6/2018 on international trade of goods

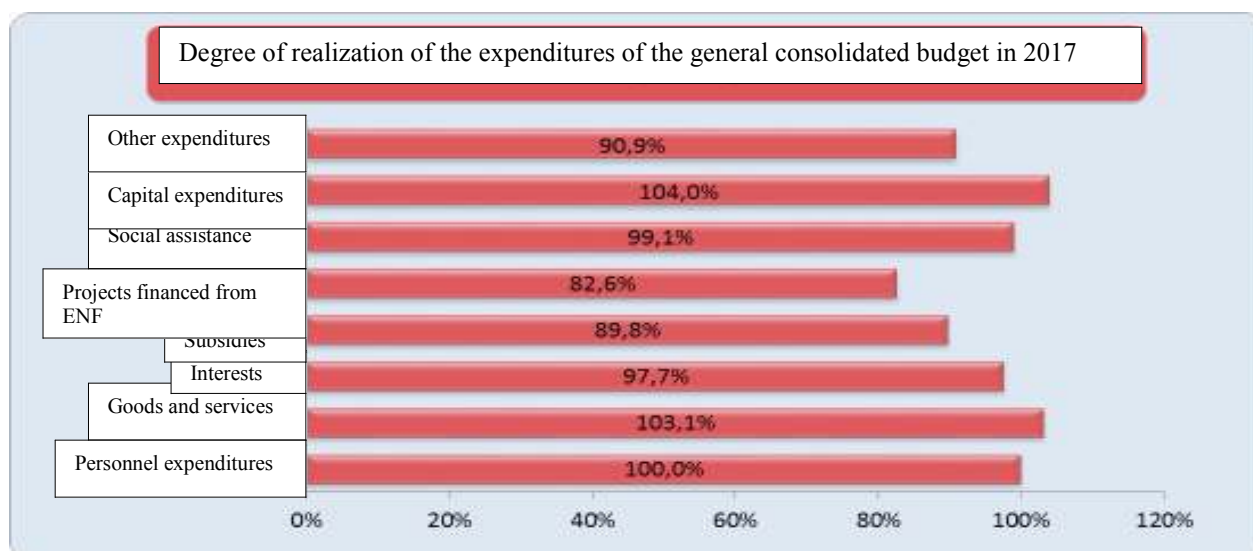
¹⁷ In 2017, compared to the previous year, the average number of employees increased by 3.1% and the average gross salary at economy level increased by 14.5%

The amounts received from the European Union on account of the payments made (including donations), in 2017, were of 17.3 billion Lei, i.e. 247.6% over the level registered in 2016.

Also, as ratio in the GDP, they registered an increase of 1.1 percentage points, from 0.9% in 2016 to 2.0% in 2017.

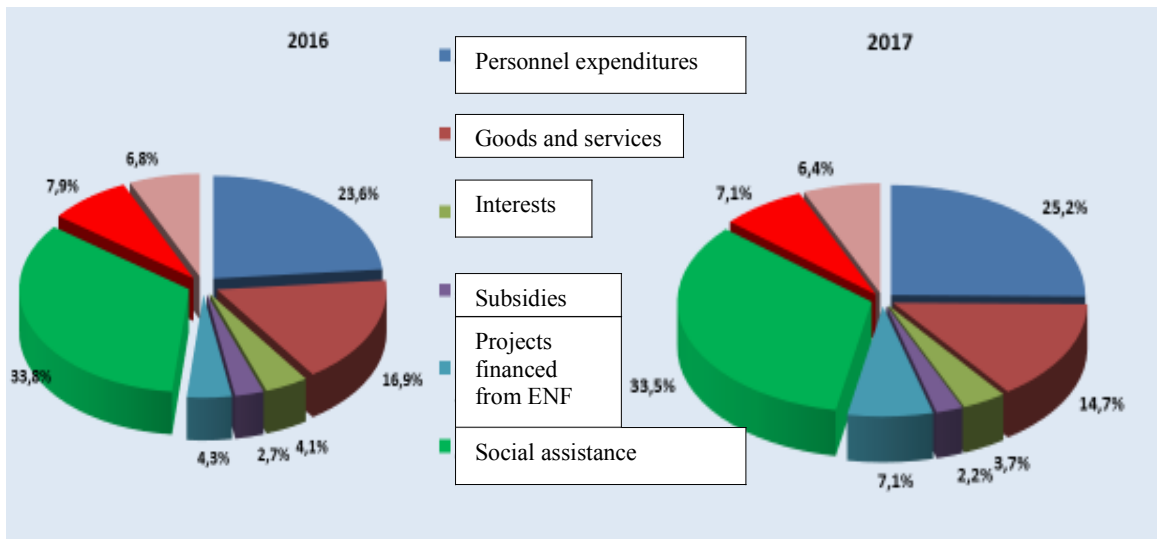
Expenditures of the general consolidated budget

The expenditures of the general consolidated budget in 2017 totaled 276.2 billion Lei, representing 32.2% of the GDP and a degree of realization compared to the established level of 98.0%.



With regard to the degree of realization of the annual program, the main categories of budget expenditures registered the following evolutions: personnel expenditures of 100%, expenditures for goods and services of 103.1%, expenditures for interests of 97.7%, expenditures for subsidies of 89.8%, expenditures for social assistance of 99.1%, capital expenditures of 104%.

Structure of the budget expenditures



Compared to 2016, the economic structure of the expenditures presents an increase of the share in the total expenditures of personnel expenditures by 1.6 pp and of the expenditures corresponding to projects financed from external non-reimbursable funds by 2.8 pp, reductions of the share being registered in the case of expenditures for goods and services of 2.2 pp, of subsidies by 0.5 and of interests by 0.4 pp, as well as in the case of capital expenditures of 0.8 percentage points.

Compared to the previous year, **the expenditures of the general consolidated budget** increased by 14% and as percentage in the GDP by 0.4 percentage points, from 31.7% as they were in 2016 to 32.2% in 2017.

In 2017 were registered decreases of the budget expenditures compared to the previous year in the case of projects financed from external non-reimbursable funds corresponding to the financial framework for 2007-2013 (-78.3%), of the expenditures that correspond to the programs with reimbursable financing (-30%), but also of the expenditures for awarded subsidies (-6.1%).

Personnel expenditures of the general consolidated budget, in 2017 increased by 22% compared to the previous year, and as percentage in the GDP by 0.7 percentage points, being determined by the salary increases awarded in the second part of 2016, respectively the application as of August 2016 of the provisions in G.E.O. No. 20/2016 amending and supplementing Government Emergency Ordinance no. 57/2015 on the salaries of personnel paid from public funds in 2016, the postponement of certain terms, as well as certain fiscal and budgetary measures and for the amendment and supplementation of certain legislative acts, as well as the salary increases given in 2017, respectively the increase by 15% of the salaries from the health and education field as of January 1, 2017, of the personnel paid from public funds from the public institutions and authorities of the local public administration which benefit of the 20% increase as of February 1, 2017, the increase of the minimum gross salary guaranteed at country level from Lei 1,250 to Lei 1,450 as of February 1, 2017, the increase by 30% of the salaries of the personnel from the national libraries and the national museums as of June 2017, the increase by 10% of the salaries of acting policemen as of

October 1, 2017, as well as the entry into force as of July 1, 2017 of the provisions in Framework Law no. 153/2017 on the salaries of personnel paid from public funds.

Compared with the annual program the personnel expenditures were realized up to 100%.

The expenditures for goods and services registered a slight decrease of 0.6% compared to the previous year, and as share in the GDP they decreased by 0.6 pp. Compared with the annual program, the expenditures for goods and services were achieved up to 103.1%.

Expenditures for interests increased by 1.1% compared to the previous year, and as share in the GDP they decreased by 0.1 pp. They did not manage to reach the ceiling provided to be achieved in 2017, the degree of realization being of 97.7%.

Expenditures for subsidies decreased compared to the previous year by 6.1%, the share in the GDP being also reduced by 0.1 percentage points. It can be mentioned that the degree of achievement was of 89.8%. Of the total expenditures for subsidies, a share of 60.5% would be represented by the expenditures with subsidies of the State budget, and within them a more significant share is held by the expenditures in support of agricultural producers of 51.9% (1,944.7 million Lei), subsidies in support of public railway passenger transport of 35.5% (1,332.85 million Lei), subsidies for subway passenger transport of 7.1% (266.85 million Lei), programs of conservation or closing of mines of 3% (111.7 million Lei).

Expenditures for social assistance increased in nominal terms by 13.1% compared to the previous year, and the share in the GDP increased by 0.1 percentage points.

The evolution of social assistance expenditures in 2017 was influenced mainly by the increase by 5.25% of the pension point as of January 1, 2017, which reached 917.5 Lei, and by 9% as of July 1, 2017, reaching Lei 1000, as well as by the measures that were approved in 2016 which contributed to the increase of social expenditures; the increase and amendment of the modality of establishment of the monthly child care allowance and of the insertion incentive.

Compared with the annual program the social assistance expenditures were realized up to 99.1%.

At the State budget, the expenditures for social assistance amounted to 27.8 billion Lei and represented 19.2% of the total expenditures of the State budget. Of the total payments, the amount of 19.2 billion Lei, respectively 69.1%, was used by the Ministry of Labor and Social Justice.

The expenditures for social assistance at the State budget registered an increase of 19.7% compared to the previous year.

The expenditures corresponding to the projects with external reimbursable financing decreased by 30%.

The expenditures corresponding to the projects with external non-reimbursable financing corresponding to the financial framework of 2014-2020 increased compared to the previous year by 12.4 billion Lei (196.0%) and as share in the GDP they increased by 1.4 percentage points.

Investment expenditures, which include capital expenditures, as well as the expenditures corresponding to development programs financed from domestic and foreign sources, were of Lei 26.8 billion in 2017, namely 3.1% of the GDP.

Evolution of the main fields financed from the general consolidated budget

	Realized in 2016	Realized in 2017	Differences between 2017 and 2016
	mi		
GDP	765.13		
TOTAL EXPENDITURES	242.20		▲
Public authorities and external actions	18.92		▲
Transactions regarding public debt and loans	10.00		▲
Defense			▲
Public order and national safety			▲
Education			▲
Health			▲
Culture, recreation, and religion			▲
Insurance and social assistance			▲
Housing, services and public development			▲
Environmental protection			▲
Fuel and energy			▲
Agriculture, forestry, fishing and hunting			▲
Transport			▲
Other budgetary fields (other general services, communications, etc.)			▲

With regard to the expenditures on the main fields in 2017 compared to 2016, increases are found in the case of most fields, the most significant ones being registered in the field of agriculture, forestry, fishing and hunting (+113.9%), defense (+47.8%), health (+13.2%), insurance and social assistance (+13.7%), education (+14%), culture, recreation and religion (+29.6%). Decreases were registered in the fields of: residences, public services and development (-0.5%), transport (-9.3%), environmental protection (-9.2%).

Preliminary budget execution of 2018

The execution of the general consolidated budget on the basis of the operative execution data for 2018 ended with a deficit of 27.3 billion Lei, i.e. 2.91% of GDP, below the established annual target of 2.97% of the GDP.

1. The revenues of the general consolidated budget, amounting to **Lei 295.1 billion, representing 31.4% of GDP**, compared with 29.4% of the GDP in 2017. In percentages, the revenues were 17.2% bigger in nominal terms than in the previous year.

Increases are registered compared to the previous year in the case of collections from **insurance contributions** (+36.8%). Collections from insurance contributions were influenced by the increase of the number of employees from the economy, of the average gross salary, of the minimum salary, as well as by the legislative conditions regarding the transfer of contributions from the employer to the employee, regulated by GEO no. 79/2017 amending and supplementing Law no. 227/2015 on the Fiscal Code.

As of May, it is found an improvement of the collection of revenues from VAT, meaning that they increased by 11.3% compared to the achievements of 2017, reaching a value of 59.6 billion Lei on the entire year 2018.

The revenues from **excise duties** were of 28.5 billion Lei (3% of GDP), i.e. 7.2% bigger compared to the previous year.

Also, the collections from **taxes and charges on ownership** increased by 2% compared to 2017, and the collections from non-fiscal revenues increased by 24%, being positively influenced by the collections from dividends.

Decreases were registered for the collections from the **salaries and personal income tax**, by 24.8%, based on the decrease as of January 01, 2018 of the personal income tax rate from 16% to 10%, a measure which was reflected into the collections as of February 2018.

Also, a 42% decrease compared to the previous year is registered for **the charge on the use of goods, the authorization of the use of goods or on the performance of activities**, as a result of the enforcement of *GEO no. 52/2017 on the return of the amounts representing the special charge for motor vehicles and vehicles, the charge on pollution for motor vehicles, the charge on pollutant emissions coming from motor vehicles and the environmental stamp for motor vehicles.*

The amounts from the European Union on account of payments made are of 27.1 billion Lei, being 57.8% bigger compared to 2017.

2. The expenditures of the general consolidated budget are of **322.4 billion Lei**, i.e. 16.8% bigger than in the previous year.

Personnel expenditures are 23.7% bigger than in 2017, the increase being caused by the salary increases given on the basis of the Framework Law no. 153/2017 on the salaries of personnel paid from public funds.

Expenditures for **goods and services** increased by 9.8% compared to the previous year. Significant increases are registered both at the local budgets and at the budget of the national single fund for health insurance and the budget of the public institutions financed from own revenues and budget subsidies.

Subsidies are 7.6% bigger compared to 2017, remaining at the same level as percentage of the Gross Domestic Product, namely of 0.7%.

Interests are 27.8% bigger than the previous year, representing 1.4% of the GDP, since in October 2018 was registered an interest payment peak, considering the cumulation of interest payment data corresponding to several benchmark type government securities.

Social assistance expenditures increased compared to the previous year by 9.5%, being mainly influenced by the 9% increase of the pension point as of July 1, 2017, reaching Lei 1000, respectively by 10% as of July 1, 2018, reaching Lei 1100, by the increase of the social allowance for the retired from Lei 520 to Lei 640, as well as by the increase and amendment of the manner of establishment of the monthly child care allowance and of the insertion incentive.

Investment expenditures, which include capital expenditures, as well as the expenditures corresponding to development programs financed from domestic and foreign sources, were of Lei 34.2 billion, namely 27.9% bigger than in 2017.

3.3. Medium-term macroeconomic forecasts (2019-2021)

The macroeconomic framework configured for 2019-2021 has taken into consideration: **(i)** the positive impact of the fiscal and budgetary measures taken so far on the business environment and on the population's purchase power; **(ii)** the European and global framework, emphasized in the fall forecasts of the European Commission, and characterized by economic growth, but a less dynamic one, on the background of a higher degree of uncertainty, the increase of commercial tensions, the increase of oil prices, tensed financial markets, marked by multiple negative interconnected evolution risks; **(iii)** the economic and social achievements of 2017 and 2018 until the present, aspects which will form the basis of substantiation of the budget indicators for 2019 and the reference horizon 2020-2021, thus ensuring the predictable and sustainable nature thereof.

Considering the evolution of the economic growth potential, for the period of 2019-2021 it is estimated that the Romanian economy will continue its sustained growth, being possible an increase of **the gross domestic product** by 5.4% yearly, on average.

Economic growth	2019	2020	2021
<i>Annual percentage change</i>			
Real GDP	5.5	5.7	5.0
Nominal GDP	7.7	7.7	7.0
Real GDP components			
Domestic demand, of which:	5.9	6.1	5.4
Final consumption	5.9	5.7	4.8
- Expenditures for private consumption, of which:	6.4	6.2	5.5
- Expenditures for final consumption of the population	6.5	6.3	5.5
- Expenditures for government consumption, of which:	4.0	3.8	2.3
- Collective consumption of the public administration	4.5	4.0	2.5
Gross fixed capital formation	6.9	7.9	7.4
Exports of goods and services*)	6.9	7.1	7.0
Imports of goods and services*)	7.8	7.9	7.8
Contributions to GDP growth (percentages)			
Final domestic demand	6.1	6.2	5.4
Change of stocks	0.0	0.0	0.0
Net export	-0.6	-0.5	-0.5

Source: National Commission of Strategy and Prognosis

*) Exports and imports of goods and services are expressed in real terms (of volume)

Domestic demand (consumption and investments) will continue to represent the engine of economic growth. Private consumption expenses will increase on average by 6% yearly. Gross fixed capital formation will accelerate on the basis of improvement of financing in the economy, at an average annual pace of 7.4%.

Exports and imports of goods and services will register growth rhythms, in real terms, with an annual average of 7%, respectively 7.8%, net export having a negative effect on the gross domestic product, decreasing its growth.

The average number of employees will increase between 2019 and 2021, by 3.3% on average every year, and **the unemployment rate registered** at the end of the year will decrease, reaching 2.8% at the end of 2021.

Starting from the assumption of tempered economic growth at world level, with a positive effect on the growth of external demand and, implicitly, of Romanian **foreign trade**, between 2019 and 2021 it is estimated an increase of the annual average of exports of goods by 8.5% and of imports by 9.0%.

- million EUR -

Foreign trade and current account	2019	2020	2021
FOG export of goods*)	74,000	80,215	87,035
- annual percentage change, %	8.6	8.4	8.5
CIF import of goods*)	90,900	99,080	107,895
- annual percentage change, %	9.2	9.0	8.9
FOB - CIF Commercial Balance	-16,900	-18,865	-20,860
Current account balance	-7,270	-6,910	-6,725
- % of GDP	-3.3	-2.9	-2.6

*) Export and import of goods are nominal values expressed in EUR.

Source: National Commission of Strategy and Prognosis

The level of the **current account deficit** will be in 2019-2021 at values between 7.3 and 6.7 billion EUR, the weight in the GDP decreasing to 2.6% in 2021.

For 2019, it is estimated that **inflation** will be reduced as annual average, as well as at the end of the year, down to 2.8%. It is expected that inflation will continue its descending rhythm between 2020-2021, reaching 2.3% in 2021 at the end of the year and 2.5% as annual average.

The forecasts took into account the normal agricultural years and a slight increase for the international price of oil.

- %-

Inflation	2019	2020	2021
- end of year	2.8	2.5	2.3
- annual average	2.8	2.6	2.5

4. The fiscal and budgetary framework for 2019-2021

4.1. Achievements in 2018 relative to the measures undertaken through the previous strategy

In the field of direct taxes

Corporate income tax

- As of April 26, 2018 were promoted measures to fight the decrease of the fiscal result through debt assignments. Thus, when calculating corporate income tax, *in the case of assigned debts, the net loss representing the difference between the assignment price and the value of the assigned receivable is deductible within the limit of a ceiling of 30% of the value of this loss.*
- As of April 1, 2018 was established the obligation for the taxpayers who make sponsorship/patronage actions, or give private scholarships and who deduct these amounts from the corporate income tax to declare the beneficiaries of those amounts, in order to monitor and control these amounts, so as to ensure that the amounts received by the beneficiaries are spent only for the purpose for which they were incorporated and for the purpose for which they were allocated, as applicable.
- In the case of sponsorship made to entities which are non-profit legal entities, including cult units, as of April 1, 2019 the amounts corresponding thereto shall be deducted from the corporate income tax owed if the beneficiary of the sponsorship is registered on the date of conclusion of the agreement in the Register of cult entities/units for which fiscal deductions are given.
- In order to deduct the excess costs of indebtedness when calculating the fiscal result, in accordance with the provisions of Law no. 30/2019 approving GEO no. 25/2018 it was increased the deductible ceiling from EUR 200,000 to EUR 1,000,000, as well as the level of deduction according to EBITDA from 10% to 30%.

Tax on the income of microenterprises

Starting with April 01, 2018:

- It is established the fiscal rule according to which microenterprises may opt to pay the corporate income tax if they fulfill two requirements:
 - they have a level of the minimum share capital of Lei 45,000 (approx. EUR 10,000) and
 - they have at least 2 employees.

The measure targeted the stimulation of investments and entrepreneurship, through the creation of an attractive business environment for small and medium enterprises, with cumulative fulfillment of certain requirements related to the value of the share capital and the number of employees.

- **In order to support the social field** was established the measure which allows microenterprises to deduct from the tax owed the sponsorship expenditures made to support non-profit entities and cult units, which are providers of services certified with at least one social service licensed under the law, within the limit of the value representing 20% of the tax. In order to monitor the use of these budgetary financing resources was established the obligation to declare the beneficiaries of those amounts. As of April 1, 2019, the amounts corresponding to the expenditures for sponsorships shall be deducted from the tax on the income of microenterprises only if the beneficiary of the sponsorship is registered on the date of conclusion of the agreement in the Register of cult entities/units for which fiscal deductions are given.

Other direct taxes in the field of natural resources for 2018:

- The term in Government Ordinance no. 6/2013 establishing certain special measures for taxation of the exploration of natural resources, other than natural gas, approved as amended and supplemented through Law no. 261/2013, as subsequently amended, was postponed. Through Government Emergency Ordinance no. 114/2018 was postponed the enforcement term for the period 2019-2021;
- Through its approval as law, *Government Ordinance no. 7/2013 on the establishment of the tax on additional revenues obtained as a result of the deregulation of prices from the natural gas sector, as subsequently amended and supplemented*, establishes a permanent tax for the operators in this activity sector.
- Through the approval of *Law no. 256/2018 of November 12, 2018 on certain measures necessary to implement oil operations by the holders of oil agreements regarding offshore oil perimeters* it was established a tax on the additional offshore revenues obtained from the sale of natural gas extracted from offshore perimeters.

Other direct taxes in specific fields

As of January 1, 2019, through Government Emergency Ordinance no. 114/2018 was established the charge on the financial assets of credit institutions whose possible impact was not included in the projection of budget revenues.

In the field of the personal income tax and mandatory social contributions

- Reducing the personal income tax rate from 16% to 10%;
- Increasing the level of the gross monthly salary according to which the personal deduction is given, as well as increasing the level of personal deductions in fixed amount awarded to the persons who obtain revenues from salaries and assimilated to salaries of up to Lei 1,950 and increasing the personal deductions awarded in a digressive manner to private individuals who obtain revenues from salaries and assimilated to salaries up to the value of Lei 3,600, inclusive;
- Reducing the total share of mandatory social contributions, on the whole by 2 percentage points, from 39.25% to 37.25%;
- Reducing the number of social contributions from 9 to 3, namely the social insurance contribution (CAS), the health insurance contribution (CASS) - owned by the employees and the labor insurance contribution - owed by the employers.
- Transferring the fiscal burden of the obligations related to mandatory social contributions (CAS and CASS) owed by the employer and the employee, in the case of revenues from salaries and assimilated to salaries, namely:
 - CAS (25%) and CASS (10%) shall be owed by the private individual
 - The additional CAS rate (4% or 8%) for special, extraordinary or other labor conditions defined under the law and the labor insurance contribution, owed by the employers (2.25%).
- Simplifying the declarative obligations of private individuals, by merging 7 declarations into a single declaration and making the payments anytime during the year until March 15, inclusive, of the year following that of realization of the revenues;
- The regulation of a system of bonuses for full payment of the estimated fiscal liabilities, respectively of the personal income tax and of the social contributions to stimulate the

submission of the single declaration by electronic means of remote transmission and for the anticipated payment of the fiscal liabilities.

- Implementation of a new mechanism of establishment of the personal income tax and of the mandatory social contributions, respectively self-taxation, which presupposes the elimination of taxation decisions issued by the competent fiscal body;
- The possibility for the taxpayers to opt for the payers of revenues to distribute the share of 2% or of 3.5% from the tax owed to support non-profit entities which are incorporated and operate under the law, of cult units, as well as for the award of private scholarships or of non-profit entities and cult units which are providers of social services certified with at least one licensed social service, under the law;
- Changing the manner of establishment of the CAS and CASS in the case of private individuals who carry out independent activities or other categories of revenues, meaning that these individuals no longer owe the social contributions on the revenues they obtain:
 - the calculation base of the CAS is the chosen revenue, which is at least equal to the minimum gross salary at country level;
 - the calculation base of the CASS is the minimum gross salary at country level.
- Private individuals who are retired, unemployed, people on maternity leave, people who obtain social aid and other categories of people under protection of the State or in State custody are insured in the public health system without payment of CASS.

with applicability as of January 1, 2019:

- the award of fiscal facilities to the private individuals, for the revenues from salaries and assimilated to salaries comprised between 3,000 Lei and 30,000 Lei, inclusive, on a monthly basis, obtained on the basis of individual employment agreements concluded with employers who operate in the constructions sector, as well as in the sectors of manufacturing of construction materials, between January 1, 2019 - December 31, 2028, respectively:
 - exemption from the payment of personal income tax;
 - reduction of the CASS rate owed by the employee by 3.75 percentage points.
 - exempting the employee from CASS payment;
 - exemption from the payment of CAS owed by the employer for special/extraordinary labor conditions;
 - reducing the share of the labor insurance contribution owed by the employer to the level of the share corresponding to the contribution to the Guarantee fund for payment of salary debts.

with applicability as of April 01, 2019:

As a result of the proposals of the business environment: application of a single rate (3.5%) which can be distributed from the personal income tax to non-profit entities and cult units registered in the Register of cult entities/units.

In the field of local taxes and charges:

- Law no. 145/2018 approving Government Emergency Ordinance no. 18/2018 on the adoption of certain fiscal and budgetary measures and on the amendment and supplementation of certain legislative acts, extended the exemption from the payment of the tax on buildings and of the tax on land, for the building of domicile, respectively the land plot from the address of domicile which is owned or co-owned by people persecuted for political reasons.
- Through Law no. 111/2018 amending and supplementing Law no. 227/2015 on the Fiscal Code was extended the exemption from payment of the tax on buildings and the tax on land for the building of domicile, respectively the land plot from the address of domicile, for the

legal representatives who care for, supervise and support people with serious or accentuated handicap and people classified with degree I of invalidity.

In the field of direct taxation:

In the field of VAT were adopted the following measures:

with applicability as of April 01, 2018:

- Increase of the ceiling of exemption from payment of VAT, from the equivalent in national currency of EUR 65,000, calculated at the exchange rate from the day of accession to the European Union, namely Lei 220,000, to the equivalent in national currency of EUR 88,500, calculated at the exchange rate from the day of accession to the European Union, namely Lei 300,000. This measure was introduced by the Romanian Parliament through Law no. 72/2018 approving Government Ordinance no. 25/2017 amending and supplementing Law no. 227/2015 on the Fiscal Code.

with applicability as of November 01, 2018:

- reducing the VAT rate to 5% for:
- accommodations in the hotel sector or in the sectors with similar function, including renting of land plots arranged for camping;
- restaurant and catering services, with the exception of alcoholic beverages, other than beer, which fall under code NC 22 03 00 10;
- services consisting of allowing access to fairs, amusement parks and recreational parks whose activities are classified under NACE codes 9321 and 9329, according to the Classification of activities in the national economy - NACE, updated through the Order of the Chairman of the National Institute of Statistics no. 337/2007;
- the right of use of sports facilities whose activities are classified under NACE codes 9311 and 9313, according to the Classification of activities in the national economy - NACE, updated through the Order of the Chairman of the National Institute of Statistics no. 337/2007, for the purpose of practicing sports and physical education, other than those exempt in accordance with art. 292 para. (1) letter I).

with applicability as of January 1, 2019:

- the reduction of the VAT rate to 9% for water and sewerage supply services. This measure was introduced by the Romanian Parliament through Law no. 175/2018 amending and supplementing art. 291 para. (2) in Law no. 227/2015 on the Fiscal Code.
- Extension until June 30, 2022 of the application of the reverse tax in the field of VAT for the delivery of cereals and technical plants, the transfer of greenhouse gas emission certificates, the delivery of electricity to a taxable person trader established in Romania, the transfer of green certificates, the supplies of mobile phones, of devices with integrated circuits, of game consoles, of PC tablets and laptops, through Government Emergency Ordinance no. 114/2018 on the establishment of measures in the field of public investments and of fiscal and budgetary measures, amending and supplementing certain legislative acts and postponing certain terms.
- extending the VAT rate of 5% for the delivery of housing (those with an area lower than 120 sq. m. and a maximum value of Lei 450,000).

with applicability as of January 13, 2019:

- extending the VAT rate of 5% for:
 - passenger transport with trains or historical steam powered traction vehicles on narrow lines for tourism or recreation;
 - passenger transport using transport with cabins, gondola, chairlift, lift - for tourism or recreation;
 - passenger transport with animal traction vehicles for tourism or recreation;
 - passenger transport with boats used for tourism or recreation.

At the same time, considering Romania's obligation in its capacity as Member State of the European Union to harmonize the national legislation with the legislation of the European Union was elaborated a draft law which transposed into the national legislation the provisions of the following directives:

Directive (EU) 2016/1065 of the Council of June 27, 2016 amending Directive 2006/112/EC as regards the treatment of vouchers and **art. 1 in Directive (EU) 2017/2455** of the Council of December 5, 2017 amending Directive 2006/112/EC and Directive 2009/132/EC as regards certain value added tax obligations for supplies of services and distance sales of goods.

In the field of excise duties were adopted the following measures:

with applicability as of January 01, 2018:

- Was increased the level of excise duties for finely cut smoking tobacco used for rolling cigarettes, as well as for other smoking tobacco from Lei 383.78/kg to Lei 398.70/kg.

with applicability as of April 01, 2018:

- Was increased the level of the total excise duty for cigarettes from Lei 439.94/1000 cigarettes to Lei 448.74/1000 cigarettes.
- At the same time, according to the provisions in Government Ordinance no. 25/2018 *amending and supplementing certain legislative acts, as well as approving certain fiscal and budgetary measures* it was established a level of the excise duties differentiated for diesel used as fuel for road freight transport on one's own account or on another's account, as well as for passenger transport, either regular or occasional, excluding local public passenger transport, through the decrease by Lei 183.62/1,000 liters, respectively Lei 217.31/ton of the standard level provided for diesel in annex no. 1 of Title VIII in the Fiscal Code.

with applicability as of January 01, 2019:

- Was increased the level of the total excise duty for cigarettes from Lei 448.74/1000 cigarettes to Lei 483.74/1000 cigarettes and was provided in a gradual increase calendar of the level of the total excise duty for cigarettes through Government Emergency Ordinance no. 114/2018 *on the establishment of certain measures in the field of public investments and of certain fiscal and budgetary measures, the amendment and supplementation of certain legislative acts and the postponement of certain terms.*

4.2. Brief characterization of the fiscal policy for 2019-2021, main medium-term objectives

The main objectives of the fiscal policy taken into account for medium term mainly refer to the following aspects:

- Continued implementation of the measures included in the Government Programme for 2018 - 2020, as the fiscal and budgetary space allows it;
- Continued improvement of the legislation to correspond to the criteria of harmonization with the Community legislation, through transposition into the national legislation of the measures adopted at European level;
- Improvement and simplification of the fiscal legislation, as a result of the dialogue with the business environment;
- Improving the legislation according to evasion phenomena, in order to fight them.

The projection of the revenues of the general consolidated budget for the period 2019-2021 was made on the basis of the macroeconomic indicators for the reference horizon, as well as of the current regulations from the fiscal field.

On medium term, based on economic revival, budget revenues will follow an ascending trend in nominal value, as well as percentage of the GDP.

Thus, in 2019, budget revenues in nominal terms are estimated at 342.7 billion Lei (33.51% of GDP), increasing in nominal value on the reference horizon and reaching 354.8 billion Lei in 2020 (32.23% of the GDP), and 376.8 billion Lei in 2021, respectively a nominal increase of 34.1 billion Lei compared to 2019.

The biggest shares in the budget revenues are held by **social insurance contributions** (34.2) , VAT(20.3 %), **amounts received from the EU** (9.8% of the total), **excise duties** (9.1%), **non-fiscal revenues** (8.3 %), **personal income and salary tax** (6.9 %).

4.3 Expenditure policy

Medium term measures

- Ensuring a sustainable level for the salary and pension expenditure in the public sector;
- Guiding available resources towards public investments in the fields of: infrastructure, agriculture and rural development, energy and advanced technology;
 - Redirecting public investment expenditures for the purpose of obtaining a gradual passing from investments financed entirely from national sources to investments co-financed from European funds;
 - Accelerating the rhythm of spending European funds in order to improve the absorption rate;
 - Continued financing of State aid schemes in 2019-2021, in order to contribute to the creation of new jobs, the performance of investments using new technologies, to obtaining products, services, innovative technologies, with effects on economic growth and on ensuring macroeconomic stability.

The budget expenditures estimated for 2019 are of 370.9 billion Lei, an increase of 48.4 billion Lei compared to 2018, and in 2021 they reach 400.5 billion Lei, respectively 33.9% of GDP, registering a tendency of decrease as share in the GDP on the reference horizon due to the need to decrease the budget deficit.

The biggest increase on the reference horizon as percentage in the GDP is held by **social assistance expenditures** due to the social measures adopted.

Personnel expenditures are of 102.1 billion Lei in 2019, reaching 110.4 billion Lei in 2021.

Goods and services register a slight tendency of decrease between 2020 and 2021 compared to 2019, while public debt expenditures register a decrease between 2019 and 2021 as percentage in the GDP.

Investment expenditures reach 43.2 billion Lei in 2021.

4.4 Fiscal administration policy

The results obtained by the National Agency for Fiscal Administration in 2018 reveal a significant increase in the efficiency and dynamics of fiscal administration. Thus, the total budget revenues collected, which amount to 244,690.7 million Lei, exceeded by 15.1% the collections of 2017.

I. Achievements of ANAF in 2018

1. The most important legislative and organizational actions

1.1. Revenue collection activity

The total budget revenues collected by the National Agency for Fiscal Administration in 2018 were of Lei 244,690.7 million, which represents an excess of 15.1% of the level of revenues obtained in 2017.

The revenues of the State budget were of 151,086.6 million Lei. The most important contribution to the formation of State budget revenues is brought by VAT, with a share of 39.5%, followed by excise duties with 17.9% and the personal income tax of 14.9%.

The total collections representing social insurance contributions was of 92,285 million Lei, i.e. 21,845.7 million Lei more (131% - nominal index), compared to the total of 2017 (70,439.3 million Lei).

On November 30, 2018, collections from arrears recoverable at the budgets administered by the A.N.A.F. amounted to 31,865.0 million Lei, the biggest share being represented by collections from arrears recoverable at the State budget (58.1%). The arrears left to be recovered on November 30, 2018 amounted to 16,199.2 million Lei, representing 1.7% of the GDP.

1.2. Supporting voluntary compliance

In January - November 2018, compared to the same period of 2017, the degree of voluntary compliance for payment increased by 0.9 p.p. (From 85.5% to 86.4%), and the degree of voluntary compliance for declaration in January - November 2018 was of 94.3% compared to 95.5% during the same period of 2017.

In order to increase the degree of voluntary compliance, 14 anticipated individual fiscal solutions were issued in the field of tax inspection in January - November 2018, as well as 13

decisions of rejection for the requests for issuance of anticipated individual fiscal solutions. At the same time, 3 unilateral advance price agreements were issued.

In order to increase voluntary compliance among taxpayers was updated and published on the website the "Leaflet regarding the procedure of enforcement and the civil offences which are governed by the Law on prevention no. 270/2017".

At the same time, was elaborated a document through which the users of the Virtual Private Space were informed about the possibility of benefiting of payments in installments for their tax liabilities. The document was sent to 103,681 taxpayers through the Virtual Private Space in December 2018, the taxpayers who were registered in the fiscal records with payment liabilities bigger than the amounts provided by art. 184, para. 7 in Law no. 207/2015 on the Tax Procedure Code, respectively Lei 500 in the case of private individuals and Lei 5000 in the case of legal entities. Through the document that was sent the taxpayers were informed on the possibility and conditions necessary to benefit of the payment in installments of their fiscal liabilities.

Also, in 2018 were organized 1,273 meetings which were attended by approximately 24,000 taxpayers. At the same time, on the Facebook page were published 84 posts containing announcements regarding the organization of assistance sessions, sessions that were actually organized regarding the manner of fulfillment of the fiscal liabilities of declaration and payment, as well as relevant announcements for the taxpayers, the impact thereof being of 1,458,354 people.

1.3. Improvement of the relationship with the taxpayers

In order to increase the quality of the services dedicated to taxpayers, as of August 1, 2018 was introduced a comprehensive portfolio of (quantitative) standards of service provision at the seats of the fiscal units from the fiscal units subordinated to GRDPF Brasov, these standards being present in the subordinated fiscal units GRDPF Galati and GRDPF Cluj Napoca as of November 1, 2016, respectively September 1, 2017. Also, in 54 fiscal units the interaction with taxpayers is carried out exclusively through the "single counter".

In all territorial fiscal units was implemented the concept of "self-service", which presupposes the installation of a computer in dedicated spaces to be used by the taxpayers, with assistance from the ANAF personnel, in order to educate them in using remote services. 41,602 uses were registered at national level between April and November 2018.

1.4. Fighting tax evasion and fiscal fraud

On the line of preventing and fighting tax evasion, the National Agency for Fiscal Administration obtained the following results in January - November 2018:

- ✓ 133,551 verifications were made at taxpayers private individuals and legal entities (33.6% less than in January - November 2017), following which were attracted to the general consolidated budget total additional amounts of Lei 5,585.4 million (29.2% less than in January - November 2017) and the fiscal loss was reduced by Lei 2,815.2 million (5.4% more than in January - November 2017).
- ✓ 36,307 fines were enforced for civil offences, amounting to a total of Lei 168.6 million (1.1% more than in January - November 2017) and 49,146 fines were collected, amounting to a total of Lei 251.8 million (79.3% more than in January - November 2017);

- ✓ 2,043 notifications were forwarded to the authorized bodies to continue investigations for a prejudice of Lei 2,223.6 million (51.3% less than in January - November 2017);
- ✓ 1,781 precautionary measures were established, amounting to a total of Lei 1,455.0 million (53.0% less than in January - November 2017);
- ✓ the value of seizures of goods and cash was of Lei 134.5 million (18.4% less than in January - November 2017), including a number of approximately 45.2 million pieces of cigarettes sized.

The tax inspection activity

In January - November 2018, the tax inspection bodies of ANAF carried out 37,880 verifications (tax inspections, unexpected controls, cross-controls, verifications on the spot) at the taxpayers private individuals and legal entities, of which 23,741 tax inspections, following which:

- ✓ were established additional fiscal liabilities (principal and accessories) of a total of Lei 5,581.8 million, of which Lei 5,452.8 are principal fiscal liabilities;
- ✓ 4,118 fines with a total value of Lei 9.1 million were enforced;
- ✓ 1,327 notifications for a prejudice of Lei 1,242.3 million were forwarded to the criminal prosecution bodies;
- ✓ 1,544 precautionary measures with a value of Lei 1,250.9 million were established;
- ✓ the fiscal loss was reduced by Lei 2,832.2 million;

During the tax inspections which targeted the verification of the transfer prices file were established additional fiscal liabilities (principal and accessories) of a total of Lei 136.9 million and the fiscal loss was reduced by the amount of Lei 217.9 million.

Activity in the field of fiscal anti-fraud

Between January and November 2018, following the verification of a number of 45,939 taxpayers, were established/quantified prejudices corresponding to the notifications submitted to the criminal prosecution bodies and sanctions for civil offences (fines and seizures) amounting to a total of Lei 1,172.7 million (the equivalent of EUR 255.0 million).

Of the total amounts established, 82.8% represent prejudices corresponding to the notifications forwarded to the criminal prosecution bodies, while the sanctions for civil offences (fines and seizures) represent 17.2%.

In the structure of fiscal anti-fraud were also identified and tackled, based on the risk analysis and as part of inter-institutional cooperation, the fiscal fraud phenomena with significant negative fiscal implications on the State budget.

Following specific verifications, during the reference period were submitted to the criminal prosecution bodies 310 notifications for an estimated total prejudice of 971.3 million Lei (the equivalent of EUR 211.2 million).

The value of the notifications which record prejudices bigger than 1 million Lei represents 94.6% in the total value of the prejudices established through notifications submitted to the criminal prosecution bodies between January and November 2018.

In order to ensure the recovery of the prejudices corresponding to the investigated cases, were established 237 precautionary measures amounting to Lei 203.9 million (the equivalent of EUR 44.3 million).

On the line of preventing tax evasion and fiscal and customs fraud were applied sanctions for civil offences amounting to a total of 201.4 million Lei (the equivalent of EUR 43.8 million), representing fines for civil offences and seizures of goods, amounts in cash and revenues whose origin was considered illegal.

Also, it was ordered the suspension of the activity for 588 economic operators, of which 471 mainly for deviations from the provisions of GEO no. 28/1999 on the obligation of economic operators of using electronic cash registers (341 suspensions for not having electronic cash registers, 130 suspensions for not using electronic cash registers) and 117 for deviations from the provisions of Law no. 227/2015.

Activity in the customs field

In 2018 were submitted and processed 659,157 customs declarations of placement in circulation of merchandise, compared to 599,512 declarations in 2017, being established rights of import and other charges (including postponed VAT) of Lei 18,968.6 million, compared to Lei 15,610.8 million in 2017.

In the field of movements under regime of suspension of excise duties were managed in the EMCS-RO application a total of 180,903 electronic administrative documents e-DA (86,807 e-DA initiated and 94,096 e-DA received), finding an increase from 2017, when 181,875 e-DA were registered (88,455 e-DA initiated and 93,420 e-DA received).

In the activity of supervision in the customs field of excisable products, 3,114 civil offences were found in 2018 and they were sanctioned in accordance with the legislation in force by fines amounting to Lei 12.3 million and 432 crimes for which criminal notifications were submitted to the criminal prosecution bodies. The estimated value of the seizures of goods, except for cigarettes, is of 53.6 million Lei.

In the subsequent control activity were carried out in 2018 a number of 105,177 actions of subsequent control and re-verifications of customs duties, the total amount additionally found being of Lei 76.9 million.

In the field of fighting illegal trafficking of cigarettes and tobacco products, the teams of customs supervision and control from the central, regional, and local level seized in 2018 a number of approximately 45.3 million cigarettes.

Meetings with organizations and practitioners in the customs field

Representatives of the General Customs Directorate participated in Brussels to meetings/reunions/work groups at international level on specific fields, like: the general customs legislation, special regimes, customs evaluation of merchandise, centralized customs control, customs status and transit, electronic customs, data integration and harmonization, customs debt, detection technologies, financial risk criteria, risk management, and so on. Also, they participated to meetings/reunions/work groups on the following fields: EMCS, AEO, CCWP, CIS+CUSTOMS, risk management, combating smuggling/customs fraud.

In 2018 were held meetings with the business environment in order to identify the issues faced in the enforcement of simplified customs procedures and to present the advantages of using

the electronic transport document, i.e. ETD, with the value of transit declaration as a result of legislative amendments.

Other topics of general interest debated during the meetings with the large economic operators considered the reevaluation of authorizations issued prior to May 1, 2016, the global guarantees and the use of the European System of Customs Decisions.

Also, the national plan of reevaluation of authorizations was elaborated and the reevaluation process was started, in accordance with the established schedule, for all 9 types of authorizations whose validity ceases on May 1, 2019, in order to establish whether the companies fulfill the new requirements provided by the Union's customs legislation. At national level it is continued the process of reevaluation for the authorizations granted on the basis of the Regulation (EEA) 2.913/1992 of the Council or of the Regulation (EEA) 2.454/1993 of the Commission. The result of the reevaluation process consists of the revocation of the authorizations granted on the basis of the Community Customs Code and of the provisions of enforcement thereof and, as applicable, the award of new authorizations in accordance with the criteria provided by the Union's Customs Code.

Private individual revenues control activity

The programs of improvement of voluntary fiscal compliance for high net wealth individuals (HNWI) and of private individuals with fiscal risk (PIFR) were based in 2018 on the following objectives:

- continuance and development of the program of compliance of HNWI through the implementation of specific projects of improvement of voluntary fiscal compliance (communication with the taxpayers, programs of notification regarding the declaration of revenues and public communication) and the performance of verifications of the personal fiscal situation based on the risk analysis;

- continuance and development of the program of verification of the personal fiscal situation through the use of indirect models of establishment of revenues at national level for all categories of private individuals who pose fiscal risk (PIFR).

In order to reach these objectives, the following actions were taken in 2018:

Performance of the verifications on the personal fiscal situations included in the programs of activity of fiscal verification services, as well as of the prior documentary fiscal verifications in progress

In 2018 were completed 12 prior documentary fiscal verifications existing in the activity plan at January 1, 2018, of which for 6 cases was ordered the start of the verification of the personal fiscal situation, and in 6 cases the procedure ended, because the requirements for issuance of the notice of verification and start of the verification of the personal fiscal situation were not met.

Also, 184 actions of verification of the personal fiscal situation and partial fiscal inspections were completed during this period of time (for 118 of them were issued taxation decisions, and for 66 of them were concluded termination decisions). Following these control missions were found additional/non-declared revenues of a total of 336.3 million Lei (20.6 million Lei for HNWI; 315.7 million Lei for PIFR).

Through the taxation decisions issued in 2018 were established fiscal liabilities of a total of 87.1 million Lei (tax on additional revenue - 53.6 million Lei; accessories: 33.5 million Lei).

On December 31, 2018 were in progress 284 actions of verification of the personal fiscal situation and partial fiscal inspections.

In 2018 were collected fiscal liabilities of approximately 19.4 million Lei, corresponding both to taxation decisions issued in 2018 and to taxation decisions issued before.

Resuming the Program of notification for revenues obtained from abroad

In June was completed the list of persons proposed for inclusion into the Amicable notification program. In July 2018 were sent 329 notifications to high net worth individuals, and in November were sent 309 re-notifications, through which the individuals are informed on their fiscal liabilities if they obtain taxable revenues from abroad.

II. Strategic objectives of ANAF on short and medium term - selective presentation

1. Fiscal administration policy in 2019

Increasing voluntary compliance

- Stimulating voluntary compliance for declaration and payment
 - elaborating a program of compliance and monitoring of the implementation of defined actions;
 - promoting the possibility of awarding payment facilities through the organization of periodical meetings with the taxpayers and through publication on the website of informative materials.
- Revising fiscal administration procedures
 - creating the technical and procedural conditions for payment of the fiscal liabilities through banking instruments
- *Increasing voluntary compliance by preventing the taxable base's erosion*
 - promoting the possibilities of issuance of unilateral/bilateral/multilateral advance price agreements;
 - promoting the possibility of initiating the amicable proceeding in the case of transactions adjusted as a result of the fiscal documents issued by the fiscal authorities from other jurisdictions.

Reducing tax evasion and fiscal fraud

- Defining the governance of implementation of the European noncompliance risk management model
 - introducing the random testing program for fiscal compliance (through fiscal controls);
- Organization of the anti-fraud control, in accordance with the European noncompliance risk management model
 - integrating and improving the risk analysis in the field of fiscal fraud;
 - reducing the level and frequency of sanctions applied for actions with low social risk;

- improving the collaboration with the Public Prosecutor in order to develop the capacity of investigation and prosecution, the intention being for ANAF to significantly contribute in the areas related to tax evasion and fiscal/customs fraud.
- **Fighting customs fraud**
 - protecting the national and Community customs territory through activities of customs supervision and control in the field of fighting illegal trafficking;
 - developing the structures of mobile teams and dog teams and implementing a more efficient operational management;
 - re-operationalization and using at full capacity the non-destructive control equipment;
 - supplementing the personnel scheme in the border customs offices through fast organization of recruitment contests for vacant positions;
 - making more efficient the cooperation with other authorities through the enforcement of the law from Romania (IGPR, PGPF, DIICOT, DGAF), including the performance of common control actions on the EU external border or in traffic;
 - making operational the central coordination unit - Naples II Convention;
 - implementing the Track & Trace system - traceability of tobacco products (May 20, 2019).
- Improving the methodological and procedural framework necessary to reduce the under-declaration of taxes, charges, and contributions
 - developing a modular training program for tax inspection;
 - developing, together with the MPF, a system of individual anticipated solutions for complex fiscal fields.

Improvement of the relationship with the taxpayers

- Increasing the quality of taxpayer services
 - implementing a new concept of taxpayer services;
 - implementing the system of line management and of single counter;
 - introducing new taxpayer services (Web Seminars Service; On-line appointments);
 - ✓ development in stages of the call center;
 - ✓ introduction of the standard of offering of services at the seats of the fiscal units in all fiscal units;
 - Improving the activity of settlement within the legal term of negative VAT returns with reimbursement options;

- elaborating a new procedure for the settlement of negative VAT returns with reimbursement option (DNOR), which would ensure the significant reduction of DNOR which are settled through anticipated control.
- Increasing the institution's transparency and its prevention role
 - making campaigns of dialogue, guidance, and notification of taxpayers with regard to the obligation of declaration and payment of fiscal liabilities;
 - publishing communications about the legislative novelties in the fiscal field.
- Reducing taxpayer compliance costs
 - reducing compliance costs by reducing the complexity of the administrative framework and encouraging electronic declaration;
 - developing the functionalities of the Virtual Private Space and promoting the service;
 - developing the Patrimven service.

Increasing collection efficiency

- Reducing fiscal arrears
 - elaborating the arrear recovery strategy.
- Maximizing the involvement of ANAF in the establishment of the legal framework for making the administration activity more efficient
 - elaboration of an external communication plan.
- Improving the modality of forecasting and reporting of fiscal revenues.
 - developing the system of monitoring and reporting of monthly progress.

Agency modernization

- Improving the agency's governance and strengthening international cooperation
 - promoting actions for starting projects and actions which will lead to the fulfillment of strategic objectives;
 - reducing collection costs;
 - promoting the actions necessary to strengthen international cooperation and exchange of information with other countries/structures;
 - strengthening the actions necessary to increase the integrity of the ANAF's personnel;
 - adequate performance of the activities necessary for the Agency's operational support.
- Improving human resources management in the agency
 - introduction and maintenance of an efficient system of planning for the labor force necessary to ensure optimal allocation of employees;
 - consolidating training and development policies and practices to help the employees develop their knowledge, skills and competences;

- elaboration and implementation of leadership training programs.
- Modernization of customs offices
 - Modernization of the infrastructure of border customs offices with road specificity;
 - equipping with modern customs control equipment through allocation of budgetary funds necessary and the procurement of: X-ray scanners and portable scanners for the mobile teams, traffic supervision video cameras, tablets for customs controls at traveler flows;
 - equipping with uniforms and replacement of IT equipment;
 - development of the IT systems in accordance with the Strategy of the European Union of implementation of the Union's Customs Code.

2. Objectives for 2020-2021

Increasing voluntary compliance

- Stimulating voluntary compliance for declaration and payment
 - elaborating a program of compliance and monitoring of the implementation of defined actions;
 - promoting the possibility of awarding payment facilities through the organization of periodical meetings with the taxpayers and through publication on the website of informative materials.
- Revising fiscal administration procedures
 - creating the technical and procedural conditions for payment of the fiscal liabilities through banking instruments
 - improvement of the procedures of establishment and lifting of garnishments, in order to reduce the time necessary to process enforcement documents.
- *Increasing voluntary compliance by preventing the taxable base's erosion*
 - promoting the possibilities of issuance of unilateral/bilateral/multilateral advance price agreements;
 - promoting the possibility of initiating the amicable proceeding in the case of transactions adjusted as a result of the fiscal documents issued by the fiscal authorities from other jurisdictions.
 - implementing the possibility of "audit settlement" (amicable settlement of the final taxation decision) in order to reduce the number of appeals and court cases for verification of tax inspection reports and increase the degree of collection of additional amounts established, which are blocked in the judicial procedures in progress;

- implementing the possibility of voluntary adjustment of transfer prices in the case of the taxable base's erosion at taxpayers from Romania in transactions with affiliated entities.

Reducing tax evasion and fiscal fraud

- Defining the governance of implementation of the European noncompliance risk management model
 - introducing the random testing program for fiscal compliance (through fiscal controls);
- Developing the activity of tax gap analysis
 - annual performance of studies of estimation of the tax gap on fields of activity.
- Organization of the anti-fraud control, in accordance with the European noncompliance risk management model
 - integrating and improving the risk analysis in the field of fiscal fraud;
 - reducing the level and frequency of sanctions applied for actions with low social risk;
 - improving the collaboration with the Public Prosecutor in order to develop the capacity of investigation and prosecution, the intention being for ANAF to significantly contribute in the areas related to tax evasion and fiscal/customs fraud.
- Fighting customs fraud
 - protecting the national and Community customs territory through activities of customs supervision and control in the field of fighting illegal trafficking;
 - developing the structures of mobile teams and implementing a more efficient operational management;
 - using at full capacity the non-destructive control equipment;
 - making more efficient the cooperation with other authorities through the enforcement of the law from Romania (IGPR, PGPF, DIICOT, DGAF), including the performance of common control actions on the EU external border or in traffic;
- Improving the methodological and procedural framework necessary to reduce the under-declaration of taxes, charges, and contributions
 - developing a modular training program for tax inspection;
 - developing, together with the MPF, a system of individual anticipated solutions for complex fiscal fields.

Improvement of the relationship with the taxpayers

- Increasing the quality of taxpayer services
 - implementing a new concept of taxpayer services;
 - development in stages of the call center;
 - implementing the system of line management and of single counter;

- development of common initiatives with the government and social partners for the introduction of quality standards in public administration;
- improving the activity of settlement within the legal term of negative VAT returns with reimbursement options;
- elaborating a new procedure for the settlement of negative VAT returns with reimbursement option (DNOR), which would ensure the significant reduction of DNOR which are settled through anticipated control.
- Increasing the institution's transparency and its prevention role
 - making campaigns of dialogue, guidance, and notification of taxpayers with regard to the obligation of declaration and payment of fiscal liabilities;
 - publishing communications about the legislative novelties in the fiscal field.
- Reducing taxpayer compliance costs
 - reducing compliance costs by reducing the complexity of the administrative framework and encouraging electronic declaration;
 - developing the functionalities of the Virtual Private Space and promoting the service.

Increasing collection efficiency

- Maximizing the involvement of ANAF in the establishment of the legal framework for making the administration activity more efficient
 - implementing an external communication plan.
- Improving the modality of forecasting and reporting of fiscal revenues.
 - developing the forecast methodologies for estimation of fiscal revenues;
 - developing the system of monitoring and reporting of monthly progress.

Agency modernization

- Improving the agency's governance and strengthening international cooperation
 - promoting actions for starting projects and actions which will lead to the fulfillment of strategic objectives;
 - reducing collection costs;
 - promoting the actions necessary to strengthen international cooperation and exchange of information with other countries/structures;
 - strengthening the actions necessary to increase the integrity of the ANAF's personnel.
- Improving human resources management in the agency
 - maintenance of an efficient system of planning for the labor force necessary to ensure optimal allocation of employees;
 - consolidating training and development policies and practices to help the employees develop their knowledge, skills and competences;

- elaboration and implementation of leadership training programs
- collaboration with the MPF and giving specialty support for the development/implementation of the Integrated Customs Information System from Romania of all IT systems provided in the Union's New Customs Code, on the terms established through Commission Decision no. 578/2016 establishing the work programme regarding the development and installation of electronic systems provided in the Union's Customs Code, in accordance with the obligations undertaken as Member State;
- ensuring maintenance activities (repair, start-up and obtaining the usage authorization) for the Nuclear Unit of ANAF-DGV;
- ensuring the maintenance activity for the IT component of SIVSF (software & hardware for monitoring systems, surveillance, dedicated applications, databases, etc.);
- protecting the national and Community customs territory through activities of customs supervision and control in the field of fighting illegal trafficking;
- Modernization of customs offices
 - Modernization of the infrastructure of border customs offices with road specificity;
 - equipping with modern customs control equipment through allocation of budgetary funds necessary and the procurement of: X-ray scanners and portable scanners for the mobile teams, traffic supervision video cameras, tablets for customs controls at traveler flows;
 - equipping with uniforms and replacement of IT equipment;
 - development of the IT systems in collaboration with the MPF, in accordance with the Strategy of the European Union of implementation of the Union's Customs Code.

4.5 General consolidated budget

After which in 2016-2018 the ESA budget deficit has sustained economic growth, within the maximum margin admitted by the Treaty on the Functioning of the European Union (TFEU), respectively a marginal ESA deficit below 3% of GDP, 2019 marks the entrance on a trajectory of gradual adjustment thereof.

In structural terms it is manifested a deviation from the Medium Term Budgetary Objective (in English, in short: MTO) established for Romania, and the adjustment towards it is scheduled to start towards the end of the forecast horizon.

But the deviation from the MTO occurs **with the maintenance on the entire planning horizon of a sustainable level of public debt below 40% of GDP, the final objective of the European rules in the field of budget deficit being thus ensured.**

General consolidated budget

Bugetul general		
	2016	2017
REVENUES of the general consolidated budget (cash)	29,4	29,4
EXPENDITURES of the general consolidated budget (cash)	31,8	32,2
BALANCE of the general consolidated budget (cash)		
BALANCE of the general consolidated budget (ESA)		
Structural BALANCE		
Note: Due to rounding offs, it is possible that certain accounting identities are not verified The structural deficit for 2015-2017 is according to the EC. For 2018-2022 it is an estimate of the NCSP.		

4.5.1 Recent evolutions and tendencies of the budgetary revenues¹⁸

The estimation of the main categories of taxes and charges for 2019-2021 is based on the most recent projection of the macroeconomic indicators, correlated with the evolution of collections, the legislative provisions in force, as well as the ANAF's commitment of collecting additional revenues through intensification of the actions of improving collection and reducing tax evasion (7.5 billion Lei).

Total budget revenues are projected to slightly increase from the level of 31.4% of GDP in 2018 to a level of 32% of GDP in 2021, especially on the basis of the increase of the share in the GDP of social contributions.

In the structure of fiscal revenues, the revenues from corporate income tax are forecasted at a level of 1.7% of GDP in 2019, and shall be maintained at a level of 1.6% of GDP in 2020-2021. The evolution of 2019 is mainly influenced by the ANAF's commitment to collect additional revenues of 0.5 billion Lei, as well as by the negative impact generated by the possibility of legal entities with revenues of up to 1 million EUR to opt between the payment of corporate income tax and the classification into the category of microenterprises.

Collections from personal income tax are forecasted to decrease to 2.3% of GDP in 2019, being influenced by the negative impact generated by the exemption awarded to employees from the constructions sector, in accordance with GEO no. 114/2018. On medium term, the dynamics foreseen

¹⁸If not otherwise specified, the indicators presented in this section are calculated in cash methodology.

for the salaries fund of the economy (average gross salary and average number of employees in the economy) will lead to a slight increase of the revenues from this source up to 2.4% in 2021.

It is estimated that the revenues from taxes and charges on goods and services will register an increase of 0.8 percentage points compared to the previous year, to 10.8% of GDP in 2019. This is mainly due to the ANAF's commitment of collecting additional revenues of 6 billion Lei in VAT and of 1 billion Lei in excise duties, as a result of the measures related to improving collection and fighting evasion.

Collections from value-added tax in 2019 register an increase of 0.5 percentage points compared to the achievements of 2018, reaching 6.8% of GDP in 2019. The estimates for 2019 and on medium term have considered both the revenues undertaken by ANAF to be additionally collected from the improvement of collection, and the legislative amendments approved in 2018 (extending the application of the reduced VAT rate of 9% for water and sewerage supply services and extending the application of the reduced VAT rate of 5% for sports and recreational activities, accommodation, restaurant, and catering services). Revenues from VAT are forecasted to reach a level of 6.5% of GDP in 2020 and a level of 6.2% of GDP in 2021.

Revenues from excise duties will be in 2019 at a level of 3% of GDP, similar to the share in the GDP of the previous year. Excise duties are influenced by the revenues undertaken by the ANAF to be additionally collected from collection improvement, as well as by the increase of the level of excise duties for tobacco products through observance of the requirements regarding the minimum level of the total excise duty applicable for cigarettes, which all Member States must observe; these requirements are found at art. 10 para. (2) in Directive 2011/64/EU of the Council on the structure and rates of excise duties applied to processed tobacco. In 2020-2021 the dynamics of revenues from excise duties are forecasted to reflect into the rhythm of real growth of private consumption and the share thereof in the GDP should be maintained at 2.9%.

Collections from social insurance contributions in 2019 are estimated to reach 11.5% of GDP, an increase of 1.1 pp of GDP compared to 2018, being mainly influenced by the significant increase of the salaries fund in the economy (18.6%), by the application on the entire year of the new legislative conditions compared to 11 months of application in 2018¹⁹ and by the provisions of GEO no. 114/2018 which create the assumptions for salary increases differentiated on the fields of activity in the case of employees from the constructions sector, at the same time as the exemption from payment of the contribution owed to privately managed pension funds (Pillar II) within the limit of 3.75% between 2019 and 2028, inclusive.

In addition, revenues from contributions are influenced in 2019 by the performance of payments representing amounts provided through court judgments whose object is to award salary rights established in favor of the personnel from public institutions and authorities, which became enforceable (0.9 billion Lei) and the award of the meal allowance for public employees, in accordance with Framework law no. 153/2017 on the salaries of the personnel paid from public funds, as subsequently amended and supplemented.

The estimates regarding the transfers to pension Pillar II reveal a slight increase of 0.1 pp of GDP between 2019 and 2021, respectively from 0.8% of GDP in 2019 and 0.9% of GDP on medium term.

¹⁹ the transfer of the tax burden regarding mandatory social contributions owed by the employee to the employee, in the case of revenues from salaries and assimilated to salaries, the reduction of the shares of the social insurance contribution and of the health insurance contribution, the establishment for the employers of the labor insurance contribution of 2.25% for revenues from salaries and assimilated to salaries

On medium term, the evolution of collections from social insurance contributions is determined by the forecasted increase of the average salary and of the number of employees, the share of revenues from social insurance contributions being forecasted to reach 12.2% of GDP in 2021.

The forecast of budget revenues includes the revenues estimated to be collected following the sales of 5G telecommunication licenses by ANCOM (2.1 billion Lei), as well as by the impact generated by GEO 114/2018 through (i) the transfer to the State budget of 35% of the revenues from the State budget of 35% (1.5 billion Lei).

Veniturile bugetului general - pe tipuri de ven			
	2016	2017	2018
Total, of which:			
Corporate income tax	29,4	29,4	31,4
Personal income tax	2,0	1,7	1,7
Taxes and charges on property	3,6	3,5	2,4
Value-added tax	0,8	0,6	0,6
Excise duties	6,8	6,2	6,3
Tax on foreign trade			
Other fiscal revenues			
Social insurance contributions			
Non-fiscal revenues			
Capital revenues			
Donations			
Amounts from the EU			
Amounts collected in the single account of the State budget or in process of redistribution			

Note: due to rounding offs, it is possible that the total is not equal to the sum of its components

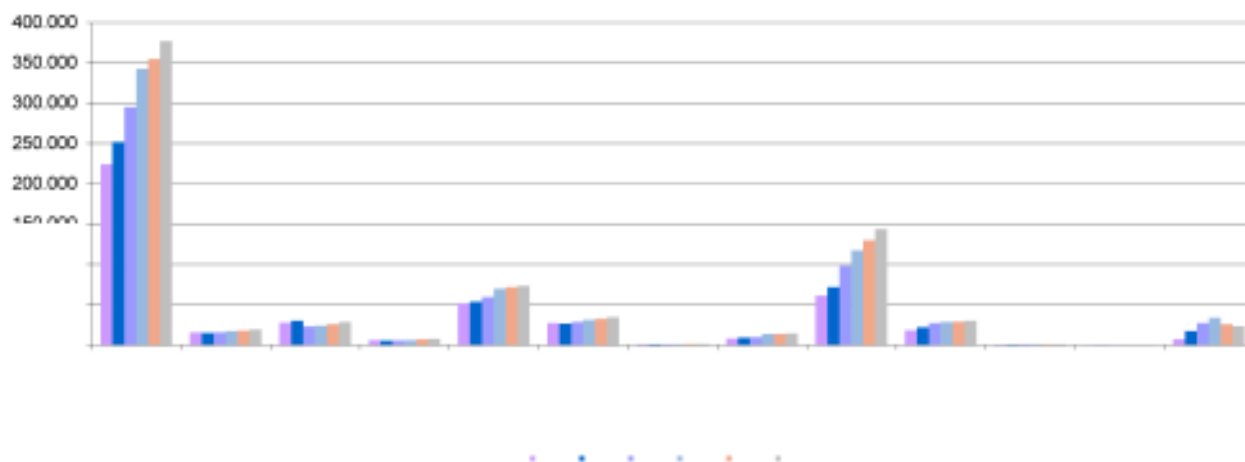
Revenues of the general consolidated budget
- per types of revenues - - million Lei -

**Veniturile bugetului general consol
- pe tipuri de venit -**

	2016	2017	2018
Total, of which:	223.900	251.867	295.118
Corporate income tax	15.442	14.732	15.853
Personal income tax	27.756	30.143	22.679
Taxes and charges on property			
Value-added tax	5.858	5.362	5.468
Excise duties	24.077	23.544	22.000
Tax on foreign trade			
Other fiscal revenues			
Social insurance contributions			
Non-fiscal revenues			
Capital revenues			
Donations			
Amounts from the EU			
Amounts collected in the single account of the State budget or in process of redistribution			

Note: due to rounding offs, it is possible that the total is not equal to the sum of its components

Evolution of budget revenues in 2016-2021



The biggest share in the revenues of the general consolidated budget is held by the State budget, followed by the Local budgets and the Social insurance budget, the latter two changing places in 2020 in the classification made according to the level of amounts.

The biggest subsidies from the State budget are received by the Local budgets and the Social insurance budget.

**Revenues of the general consolidated budget
- on component budgets -**

Veniturile bugetului general - pe bugete componente			
	2016	2017	2018
Total, of which:	223.900	251.867	2
State budget	101.480	113.023	1
Centralized general budget of administrative-territorial units	60.300	74.000	
Social insurance budget			
Unemployment insurance Budget			
Budget of the Health Insurance Fund			
Budget of the institutions/activities financed from own revenues			
Other components of the general consolidated budget			
Transfers between the budgets and financial operations (shall be deducted)			

Note: due to rounding offs, it is possible that the total is not equal to the sum of its components

4.5.2 Recent evolutions and tendencies of the budgetary expenditures²⁰

For 2019 it is found a significant increase of total expenditures, which is mainly owed to the increase of allocations for personnel expenditures, but especially to the increase by approximately 1.3 percentage points relative to GDP of allocations for investments.

After the increase in 2019, the share in the GDP of total budget expenditures follows a descending trend on medium term in order to allow the adjustment of the budget deficit.

In spite of this adjustment, in nominal terms the increase of expenditures is scheduled with a positive nominal dynamic compared to 2018, the biggest increases being registered in the case of personnel expenditures, investment expenditures, and social assistance expenditures, all of them having a higher nominal dynamic to that of the GDP on the forecast interval.

Expenditures of the general consolidated budget - on economic classification - - pe clasificatia economica			
	2016	2017	2018
Total, din care:	242.204	276.161	322,7
Cheltuieli de personal	57.068	69.611	86,1
Bunuri si servicii	40.911	40.686	44,1
Alte cheltuieli	144.225	165.864	192,5

²⁰ If not otherwise specified, the indicators presented in this section are calculated in cash methodology.

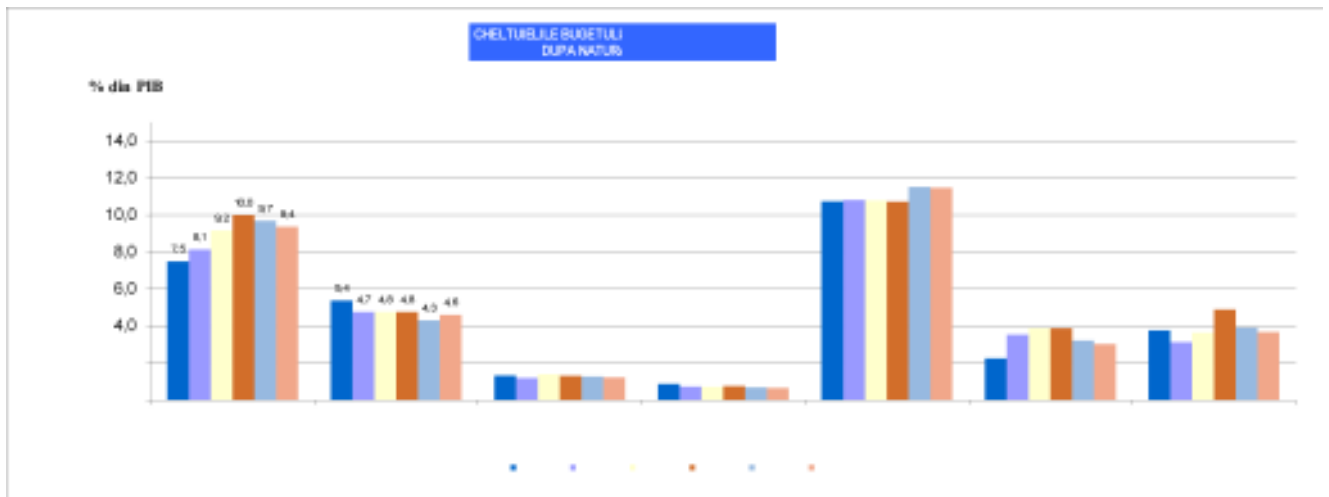
Total, out of which:
Personnel expenditures
Goods and services
Interests
Subsidies
Social assistance
Other transfers
Investment expenditures

Note: due to rounding offs, it is possible that the total is not equal to the sum of its components

**Expenditures of the general consolidated budget
- on economic classification -**

Cheltuielile bugetului general - pe clasificatia economi				% of GDP
	2016	2017	2018	
Total, out of which:	31,8	32,2	34,3	
Personnel expenditures	7,5	8,1	9,2	
Goods and services	5,4	4,7	4,8	
Interests	1,3	1,2	1,4	
Subsidies				
Social assistance				
Other transfers				
Investment expenditures				

Note: due to rounding offs, it is possible that the total is not equal to the sum of its components



The most important component of the general consolidated budget is the State budget, which has the biggest share in the total budget expenditures. The following component in terms of weight is the centralized budget of the administrative-territorial units, closely followed until 2019 as well, by the social insurance budget. But, starting with 2020, the social insurance budget goes on the second place in the classification of budgets which make up the general consolidated budget, switching places with the centralized budget of the administrative-territorial units.

The size of the State budget's expenditures is also increased by the amounts which are transferred from it to other components of the general consolidated budget, either for balancing thereof (social insurance budgets) or for financing of decentralized activities in the local communities.

All transfers awarded from the State budget to other budgets are eliminated when aggregating the general consolidated budget, in order to avoid double registration thereof.

Expenditures of the general consolidated budget
- on component budgets -

Cheltuielile bugetului general consolidat - pe bugete componente -			
	2016	2017	2018
Total, of which:	242.204	276.161	322.454
State budget	130.083	144.419	174.674
Centralized general budget of administrative-territorial units	67.798	75.055	76.172
Social insurance budget	52.196	57.695	63.560
Unemployment insurance Budget			
Budget of the Health Insurance Fund			
Budget of the institutions/activities financed from own revenues			
Other components of the general consolidated budget			
Transfers between the budgets (shall be deducted)			
Financial operations (shall be deducted)			

Note: due to rounding offs, it is possible that the total is not equal to the sum of its components

4.5.3 Differences from the previous Strategy

The forecast scenario from the Fiscal and Budgetary Strategy of 2019-2021 generally differs from the previous version on short term (years 2017 and 2018), considering the available statistical data.

With regard to the economic growth in 2018 published by the NIS, it differs from the scenario of the previous version of the strategy, within the meaning of a slowing down of 1.4 percentage points, as a result of the action of certain circumstantial factors (the increase of oil prices, of energy prices, a more restrictive monetary policy) for years 2019 and 2020, the differences in economic growth being insignificant or even zero.

The dynamics of the export of goods in 2018 was superior to the one from the previous version of the strategy, which caused *a revision of the dynamics of exports for the following years*. These evolutions confirm the sustainability of economic growth, as well as the competitiveness of Romanian products on the external markets.

The publication by the National Institute of Statistics of the definitive data of 2017, as well as the evolutions of the monthly data in 2018 caused a *downward revision of the dynamic of the number of employees for the following years*. The achievements of 2018 determined a downward revision of the unemployment rate registered for the following years.

Based on the data published by the NIS for 2018 regarding *commercial deficit and current account deficit, which showed an improvement thereof, for 2019-2020 it was revised the current account deficit by increasing the share thereof in the GDP*.

The difference in the case of average annual inflation for 2018 between the two strategies was mainly due to the more accentuated price increases from the last part of 2017 (the increase of electricity and gas tariffs, the increase of prices for butter and eggs, the accentuated depreciation of the national currency and the increase of excise duties for fuels in two stages), but also the price increases over the estimates from the beginning of 2018. The price increases in the beginning of 2018 also influenced the change of inflation at the end of the year by 0.7 percentage points compared to the previous version of the strategy. Among these, we mention: the increase of gas tariffs (+16.6% in December compared to December 2017), as well as a bigger increase in certain products with volatile prices, like vegetables (21.50%).

	2017		2018		2019		2020	
	FBS for 2018-2020	FBS for 2019-2021	FBS for 2018-2020	FBS for 2019-2021	FBS for 2018-2020	FBS for 2019-2021	FBS for 2018-2020	FBS for 2019-2021
GDP - real growth, %	6.1	7.0	5.5	4.1*	5.7	5.5	5.7	5.7
Exports of goods, %	9.0	9.2	7.6	8.1*	7.7	8.6	7.8	8.4
IPC - end of year, %	2.2	3.32	2.6	3.27*	2.2	2.8	2.0	2.5
- annual average, %	1.1	1.34	3.1	4.63*	2.3	2.8	2.2	2.6
Average number of employees, %	3.6	3.9	4.2	3.3	3.8	3.4	3.7	3.3
Unemployment rate registered at year end, %	4.2	4.0	3.9	3.3*	3.7	3.2	3.4	3.0
Current account balance, % of the GDP	-2.8	-3.2	-2.6	-4.7*	-2.3	-3.3	-2.1	-2.9
	(% of GDP)							
Revenues (cash methodology)	29.4	29.40	30.48	31.38	31.67	33.51	31.86	32.23
Expenditures (cash methodology)	31.8	32.24	33.44	34.29	34.64	36.28	34.44	34.55
Balance (cash methodology)	-2.40	-2.84	-2.96	-2.91	-2.97	-2.76	-2.58	-2.33
ESA balance	-3.00	-2.92	-2.96	-2.96	-2.96	-2.78	-2.38	-2.68
Structural balance	-2.2	-3.4	-3.06	-3.03	-3.17	-2.97	-2.71	-3.03

*Realizations

Source: NCSP, MPF

At the same time, it is presented *the comparative consolidated situation of revenues, expenditures and the deficit of the general consolidated budget*, corresponding to the *Fiscal and budgetary strategy for 2018-2020* and *the Fiscal and budgetary strategy for 2019-2021*.

4.6 Public policies

Salary policy

For 2019 it is considered a continuance of the application in stages of Framework law no. 153/2017 on the salaries of personnel paid from public funds, namely the increase as of January 1, 2019 of the basic salaries by 1/4 of the difference between the basic salary provided by the law for 2022 and that of December 2018.

Also, as of January 1, 2019, **the minimum gross basic salary guaranteed at country level** is of Lei 2,080 per month, for normal working hours of 167.333 hours per month, on average, representing Lei 12.43/hour. For the personnel employed on positions for which higher education is provided, with a work seniority of at least one year in the field of higher education, the minimum gross basic salary guaranteed is of Lei 2,350 per month.

As of January 2019, the personnel from the budgetary sector benefitting of meal allowance, as regulated by art. 18 in Framework law no. 153/2017 on the salaries of personnel paid from public funds, as subsequently amended and supplemented.

With regard to bonuses, allowances, compensations, as well as the other elements of the salary system which are included, under the law, in the gross monthly salary, the amount thereof will be maintained at least at the level of the one awarded for December 2018, to the extent the personnel occupies the same position and operates under the same conditions.

When establishing the personnel expenditures for 2019 it was considered the continued application of some of the measures approved in previous years, as follows:

- the award of holiday vouchers within the limit of Lei 1450/employee;

- additional work carried out over the normal working hours by the personnel from the public sector, as well as the work carried out on days of weekly rest, on legal holidays and the other days which, in accordance with the regulations in force, are free days, within the normal shift, will be compensated only by corresponding free time;
- no award of value tickets (except for nursery tickets) and prizes.

Under these circumstances, the personnel expenditures of the general consolidated budget for 2019 are of Lei 102.1 billion (10% of GDP), i.e. 16.0 billion Lei more than the personnel expenditures of 2018.

Policy in the field of labor and social justice

The vision of the Romanian Government for the labor and social justice sector, which is mentioned in the Government Program for 2017-2020, is:

“Imposing a standard of living as high as possible for all citizens must be Romania’s fundamental objective. We will continue our actions to create a more inclusive labor market and reduce inequalities through promotion of a coherent and realistic public policy, which would lead to a more performing, dynamic and flexible labor market, which will ensure access to the majority of citizens to quality jobs, according to their skills and abilities, to decent revenues and without discrimination”.

The main strategic objectives targeted in the field of labor and social justice are:

Employment policy

I Increasing the employment rate for people aged 20 to 64 years, on an inclusive labor market, which supports the growth of a competitive economy and which leads to the reduction of labor poverty and informal employment.

1.1: Employment for all

1.2: Passive measures for the people looking for a job

1.3: Labor conditions

1.4: Insurance of labor accidents and professional diseases

1.5. Policy in the field of salaries

Impact: Employment rate of people aged 20 to 64 years. Target for 2020: 70%; labor poverty rate.

Results sought:

(1.1.1) Facilitating the integration of NEETs youth through specific measures and programs: *Rate of youth younger than 25 who are employed, participate to a professional training class, conclude an agreement of apprenticeship at work or an internship agreement.*

(1.1.2) Increasing employment for people registered with ANOFM and preventing unemployment: *The degree of occupation of vacant jobs declared by the employers and registered with ANOFM. Target for 2020: 75%. The degree of employment of all people looking for a job who are in the records of ANOFM.*

(1.1.3) Facilitating the transition from the educational system to the labor market: *The share of people who conclude an apprenticeship agreement in the total people looking for a job from the records of ANOFM; the share of graduates of higher education who conclude an internship*

agreement in the total number of graduates of higher education from the records of ANOFM in the reference year.

(1.1.4) Improving the skills level of the people registered with ANOFM through professional training programs: *Share of people employed 6 months after passing the graduation exams in the total number of graduates of professional training programs organized by ANOFM; Target for 2020: 35%. Share of people employed 12 months after passing the graduation exams in the total number of graduates of professional training programs organized by ANOFM.*

(1.1.5) Unemployment prevention and job consolidation: *The share of beneficiaries of pre-dismissal services of the total number of collectively dismissed people; Target for 2020: 20% Share of subsidies given to employers for professional training programs of their own employees in the total number of requests.*

(1.1.6) Stimulating employers in order to occupy vacancies: *The share of people employed as a result of the measures of stimulation given to employees in the total number of people employed through the measures offered by ANOFM.*

(1.2.1) Ensuring protection of the people from the unemployment insurance system: *Rate of unemployed getting allowances in the total number of registered unemployed. Target for 2020: 20%*

(1.3.1) Reducing labor poverty and the asymmetry of the salary curve: *Ratio between the minimum gross salary and the medium gross salary.*

(1.3.2) Improving the security and health of workers on the job and ensuring the legal and organizational framework for making available the products from the field of competence of the MLSP, in accordance with essential security requirements: *Number of awareness sessions addressed to the economic agents, workers and representatives.*

(1.3.3) Ensuring the application by the employers of the legal provisions in force in the field of labor relations, health, labor security, supervision of the products market and equal opportunities on the labor market: *Number of petitions/1000 employees.*

(1.3.4) Directing the insurance for labor accidents and professional diseases to support benefit recipients: *Diversification of awarded benefits - Share of benefits awarded to the beneficiaries at 100 employees.*

(1.4.1) Harmonizing the requirements of European regulations through the amendments imposed by the EESSI system with the national legislation and practice: *Increasing the degree of compliance of employers to the requirements of the European regulations - Share of non-compliant cases relative to total requests.*

(1.4.2) Supporting employers in performing the prevention activity: *Improving the level of labor safety and health of enterprises - Share of implemented measures relative to recommended measures.*

(1.5.1) Annual increase of the minimum gross salary at country level; elaboration of the policy in the field of the minimum gross salary at country level.

Pension policy

II An adequate and sustainable pension system

2.1 Adequacy and equity in the pension system

2.2 Public pension system management

Impact: total average replacement rate/public scheme. Target for 2021: 36.6/36.7%

Results sought:

- **(2.1.1)** *Ensuring a decent living for the retired:* Rate of material deprivation among the retired.
- **(2.1.2)** *Respecting equity principles:* Difference between the average replacement rate between men and women.
- **(2.2.1)** *Maintaining the pension system's sustainability:* Rate of coverage of net expenditures from contributions.

The policy in the field of social assistance, social inclusion and reducing poverty

III Decrease of the number of people at risk of poverty and social exclusion, in the context of creating an integrated, extensive, and well-coordinated social services network

3.1 Child protection

3.2 Social benefits and inspection

3.3. Social services

3.4 Rights of people with disabilities

3.5. Equal opportunities and fighting family violence

Impact: Rate of relative poverty risk, target for 2021: 34%, rate of poverty risk among children, target for 2021: 29%

Results sought:

- **(3.1.1)** Improving children's access to quality services: *Degree of coverage with social services for children (0-17 years old). Target for 2020: 1.5%*
- **(3.1.2)** Respecting rights and promoting social inclusion of children in vulnerable situations: *Share of beneficiaries of residential social services - old type institutions - children. Target for 2020: 0.047%*
- **(3.2.1)** Administration in a unitary payment system of social assistance beneficiaries and managing programs regarding social services supported from the State budget: *Ratio between the number of verified payments and the total number of payments. Target for 2021: 90%*
- **(3.2.2)** Reducing error and fraud in the social assistance system by ensuring a rigorous activity of control and inspection of the application of legal measures regarding the activities of establishment and award of social assistance benefits and of provision of social services: *Ratio between the number of payments with errors/fraud and the total number of payments. Target for 2021: 4%*
- **(3.3.1)** Consolidating the national social assistance system in order to ensure access to all categories of vulnerable persons to quality social services, especially through consolidation of the SPAS' capacity of ensuring the minimum package of integrated services in every ATU: *Share of certified public suppliers of social services in the total*

number of public suppliers of social services subordinated to the local public authorities. Target for 2021: 80%

- **(3.3.2)** Increasing access to social services for the elderly: *Degree of coverage with social services for the elderly. Target for 2021: 3*
- **(3.4.1)** Promoting accessibility in all life areas to ensure the exercise by the people with disabilities of fundamental human rights and freedoms; eliminating discrimination: *The personnel employed in public institutions will be informed/trained on the need to make more accessible the physical, informational, and communication environment. Target for 2020: 30%*
- **(3.4.2)** Removing from institutions the people with disabilities that are in old style residential centers, in stages, at the same time as the development of services in the community: *Removing from institutions the adult handicapped people who shall be transferred to protected living through POR financing. Target for 2020: 35%*
- **(3.5.1)** Reduction and prevention of cases of discrimination, harassment and violence: *Percentage of population aware of the existence of the legal framework and of the applicable measures in situations of discrimination, harassment, violence among the population. Target for 2021: 85%*

Social dialogue policy

IV. Consolidating social dialogue

4.1. Elaboration of the Risk anticipation map

4.2. Extending the framework of operation of social dialogue and consolidating the institutional capacity that corresponds to the performance of social dialogue.

Impact: share of mediated labor conflicts, target for 2021: 10%

Results sought:

- **(4.1.1)** Identification of the conflict potential: *Share of potential conflicts identified for which it will be decided to take measures of intervention in the initial phase. Target for 2021: 20%*
- **(4.2.1)** Increasing the efficiency of the process of mediation and arbitration of labor conflicts: *Share of labor conflicts extinguished in total labor conflicts. Target for 2021: 50%.*

Developing the institutional capacity in the field of labor and social justice

V. Consolidating the capacities of the MLSJ to fulfill its functions of elaboration and implementation of public policies and of regulation in its field of activity

5.1. Developing the administrative capacity of the institutions from the labor and social justice sector.

5.2. Information and Communications Technology (ICT) in the labor and social justice sector; efficient ICT governance and cyber-security; performing human resources policies for ICT specialists; maintenance; development and modernization of ICT systems

Results sought:

- **(5.1.1)** Improving the functional stability of the MLSJ and of the institutions subordinated thereto, ensuring performing management of public funds through the application of internal/management control standards.
- **(5.1.2)** Increasing the effectiveness and transparency of the processes of elaboration, assessment and implementation of quality public policies, substantiated by impact studies; *Share of public policies/legislative acts approved by the MLSJ for which impact studies have been elaborated in the total number of public policies/legislative acts approved by the MLSJ.*
- **(5.1.3)** Increasing the professional quality of the human resources from the labor and social justice sector, the degree of knowledge, understanding and application of integrity standards.
- **(5.2.1)** Strengthening ICT governance, adopting ICT standards and policies at cross-ministry level, as well as increasing the professional quality of ICT specialists from the labor and social justice sector.
- **(5.2.2)** Improving the functional stability of ICT systems and equipment; modernization and simplification of informational flows through digitalization and increasing cross-ministry interoperability/data exchange; increasing the capacity for complex cross-ministry analyses; as well as increasing transparency and public/open data.

Policy in the field of transport and infrastructure

The activity in the field of transport and infrastructure mainly refers to increasing Romania's accessibility through integration of national railway, road, naval, air, multi-mode transport networks and logistics networks in the European networks, respectively the international ones, at the same time as obtaining a balanced development of the national transport system, the local and regional economy, improving passenger comfort and increasing their safety, making freight transport more efficient, increasing population mobility and improving environmental quality.

The general objective for the transport field, which was undertaken through strategic documents, is represented by **the assurance of the infrastructure and services, as support for the economic and social activity for life quality improvement.**

General measures and mandatory actions to reach the general objective:	Increasing competitiveness between the modes of transport
	Improving transport services through investments in the rolling stock park
	Modernization of railway stations
	Modernization of ports and airports
	High quality road infrastructure
	Extending multi-mode transport

Strategic priorities in the field of transport	Territorial cohesion , ensuring interconnection of the national territory to international routes, as well as regional interconnectivity, ensuring the
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infrastructure and services for the period 2019-2021:

basic infrastructure necessary for modern transport economies
Efficiency, through elimination of blockages and delays with impact on the economic and social environment
Durability, through promotion and introduction of smart means of transport, less polluting, thus contributing to the fulfillment of the objectives of Europe 2020 Strategy.

Financing policy proposed for 2019-2021

Considering the specific development needs of the transport infrastructure field, the financing policy proposed for the period 2019-2021 will consider *the prioritization of the public investment program*.

At the same time, in the process of allocation of resources on programs/projects and modes of transport, the Ministry of Transport will seek *to implement a coherent financing policy, of massive attraction of non-reimbursable European funds, of gradual increase of the users' participation to infrastructure financing, of encouraging the participation of the private sector through public-private partnership arrangements*.

General Transport Master Plan (GTMP)

It supplies the elements necessary to prioritize investments in the field of transport, for all modes of transport (road, railway, naval, air, multi-mode), based on a multi-criteria analysis.

The strategic priorities of the Ministry of Transport are mainly focused on:

- completion of the works to the investment objectives/projects in advanced performance stages, with ensured financing;
- continued works to the investment objectives/projects in progress, as well as starting new works, located on the TEN-T network, with financing ensured from non-reimbursable and reimbursable funds.

The allocation of financing resources of the Ministry of Transport will be mainly focused on:

- **the construction of highways/express roads for TEN-T;**
The list of main highway construction projects, introduced into the Budget in 2019, comprises the following objectives:
 - Lugoj - Deva Highway (Dumbrava - Deva sector),
 - Sebes - Turda Highway
 - Suplacu de Barcau – Borş Highway,
 - Câmpia Turzii – Târgu Mureş Highway,
 - Bacau Bypass (highway profile),
 - Craiova - Pitesti Express Road
 - South highway belt of Bucharest municipality, including the interventions on the existing belt (extension to 4 lanes of the Bucharest Belt between A1 - DN 5, DN 2 - A2, and A1 - DN 7, Berceni, Domnesti, Oltenita and Mogosoaia Passageways),
 - North highway belt of Bucharest municipality,
 - Bucharest - Brasov Highway, section Comarnic - Brasov, section Predeal - Cristian,

- Suspended bridge over the Danube in the Braila area,
- Sibiu - Pitesti Highway, sections 1, 4, and 5.

The highway projects in preparation, for which budget allocations were already made in 2019, include:

- Elaboration/supplementation of feasibility studies for Sibiu- Fagaras, Targu Neamt - Targu Mures highways,
- Elaboration of feasibility studies and technical projects for the Brasov - Bacau highway, and for high speed roads Ploiesti - Buzau - Focsani - Bacau - Pascani.

Projects which will be budgeted in 2019, after obtaining the necessary legal approvals, currently in the stage of preparation/award in view of elaborating the technical and economic documentations or design and execution;

- Supplementing geo-technical studies for Sections 2 and 3 in Sibiu - Pitesti Highway;
- Nadaselu - Suplacu de Barcau Highway (design and execution);
- Braila - Galati Express Road (design and execution);
- Galati Bypass (design and execution at highway profile),
- Elaboration/supplementation of feasibility studies for Timisoara - Moravita Highway;
- Elaboration/supplementation of feasibility studies for Faras - Brasov Highway;
- Elaboration of the feasibility studies and technical projects for the Express roads Craiova - Târgu Jiu, Ovidiu – Tulcea, Brăila– Tulcea, Brăila – Buzău, Focșani – Brăila, Pașcani – Suceava – Siret; Găești – Ploiești and the connection between A3 and Henri Coandă Airport;
- Elaboration of pre-feasibility study for Tisita - Albita highway;
- Elaboration/supplementation of feasibility studies for Nordului Express road/Highway (Express road Petea – Satu Mare - Baia Mare and Highway Baia Mare – Dej – Bistrita – Vatra Dornei – Suceava and analysis of the Cluj - Dej connection);
- Supplementing the feasibility study for the express road Arad - Oradea,

- Modernization and development of the network of national roads, including through the construction of bypasses;

The list of main bypass construction projects, introduced into the Budget in 2019, comprises the following objectives:

- Bypasses in execution: Tecuci, Mihăilești, Suceava, Carei, Bârlad, Târgu Mureș, Satu Mare, Stei, Rădăuți, Timișoara Sud;
- Bypasses that shall enter execution: Mediaș, Dej, Alesd Sud, Comarnic, Bușteni, Săcueni, Craiova Sud - Vest, Târgu Frumos, Fălticeni, Iași, Connection road between DN5 – Podul prieteniei (Bypass Giurgiu Vest), Târgu Jiu.

The projects in preparation, for which there already are budget allocations in 2019 include bypasses in the preparatory stage (elaboration of Feasibility Studies and/Technical Projects); Sfântu Gheorghe, Giurgiu (Est), Zalău, Râmnicu Vâlcea, Vaslui and Techirghiol;

Projects which will be budgeted in 2019, after obtaining the necessary legal approvals, currently in the stage of preparation and/or execution:

- Bistrita bypass;

- Baia Mare bypass;
- Husi bypass;
- Salonta bypass through takeover of the technical and economic documentation elaborated by the local authorities.

The list of main projects of modernization of national roads introduced into the Budget in 2019, comprises the following objectives:

- DN 18, Moisei – Iacobeni ; Baia Mare - Sighetul Marmăției;
- DN 56, Craiova - Galicea Mare – Calafat;
- DN 66, Bumbești Jiu-Petroșani;
- DN76, Ionești - Vârfurile - Stei - Beius – Oradea;
- DN 5, Bucharest – Adunății Copăceni;
- DN 6, Alexandria – Craiova (lot 2);
- DN 73,Pitești-Câmpulung-Brașov;
- Modernization of the infrastructure for circulation safety on DN 1, in “Linear villages and black points”;
- A1 - Titu - Bâldana - Târgoviște– Sinaia (design and execution for Extension to 4 lanes of DN 7 between Bâldana and Titu and design and execution for modernization of DN 71, Bâldana - Târgoviște– Sinaia);
- DN 67B, Scoarța – Pitești;
- DN 52, Alexandria - Turnu Măgurele;
- DN 51, Alexandria – Zimnicea;
- DN 28B, Târgu Frumos – Botoșani;
- DN 7A, Brezoi – Petroșani;
- DN 55, Craiova – Bechet;
- DN 2L, Soveja –Lepșa;
- DN 2N, Jitia – Bisoca;
- Evacuation of rain water in Tartasesti;
- Extension of DN 7, Valea Oltului, to 3 lanes/4 lanes;

The projects in preparation, for which budget allocations were already made in 2019, include:

- DN 7C, Transfăgărășan (technical expertise and elaboration of Feasibility Study);
- Elaboration of Feasibility Study and Technical Project for the connection road section A1 - DN 7 (Titu/DJ 711A)

Projects which will be budgeted in 2019, after obtaining the necessary legal approvals, currently in the stage of preparation/award in view of elaborating the technical and economic documentations or design and execution;

- DN 66A, Câmpu lui Neag – Cerna;
 - DN 17 C, Bistrița – Salva - Moisei;
 - DN 17 D, Beclean – Cârlibaba;
 - DN 15, Poiana Largului – Bicz;
 - Drajna Passageway;
 - Cumpăna Node (connection to A4 - DN 39E);
 - Martinesti Node (connection to A1 - DN 1);
 - Maintenance and Coordination Center on A3.
- **Road infrastructure maintenance**

Compania Națională de Administrare a Infrastructurii Rutiere S.A. (C.N.A.I.R. S.A.) is currently ensuring the administration and maintenance of a network of 17,740 km, of which

823.24 km of highway and 16,916 km of national roads, a network which is developed on the entire territory of Romania, of which over 61% has the operating life expired (the normal operating duration of a road is the duration of use expressed in years, as of commissioning of the road as new and until its introduction in the first capital repair or between two capital repairs).

On this date, C.N.A.I.R. S.A. has concluded framework agreements on three years for periodical maintenance works (bituminous treatments, very thin road strata, bituminous carpets) amounting to Lei 2,271,986,000.

The budget provisions approved for 2019 may include the conclusion of subsequent agreements amounting to Lei 576,027.35 thousand for the execution of 1,571 km of bituminous carpets.

The policy in the field of education, professional training and university scientific research

The Government Program for 2018-2020, the National Strategic Framework for Education and Professional Training, the Europe 2020 Strategy, the ET 2020 Framework, the National Reform Program for 2018 define the general objectives and directions of action, on medium term, in the reference field of the Ministry of National Education - pre-university education, higher education, professional training and university scientific research. The national strategic framework includes 4 sector strategies adopted through Government decision: *The Strategy on reducing early school drop-out, the National Strategy for tertiary education for 2015-2020, the National strategy of lifelong learning for 2015-2020 and the Strategy for education and professional training in Romania between 2016 and 2020* and a 5th strategy, *the Strategy for modernization of the educational infrastructure for 2018-2023*, which is process of endorsement. They ensure the strategic support for increasing competitiveness and social cohesion, for personal development of the youth and social integration, as well as for correlating education with the labor market.

The programmatic documents mentioned above substantiate and mention the targets undertaken by Romania for 2020:

- the percentage of those who drop out early from school should be below 11.3%;
- at least 26.7% of people aged between 30 and 34 years should have their tertiary education finished;
- at least 10% of the people aged between 25 and 64 years should participate to lifelong learning.

Objectives

Lines of action, programs, projects

I. Pre-university education

1. Ensuring equal access and participation to education for every child in Romania

- Implementing a social program for pupils from primary, secondary, professional and high school education, in order to ensure the conditions for school access and participation (school supplies, manuals and vouchers for clothing, dedicated to pupils from the preparatory grade to the 12th grade);

Objectives	Lines of action, programs, projects
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- Continuance of the programs addressed to school participation of high risk children through the award of the Social guaranteed package for education:
- implementation of Law no. 248/2015 on stimulating the participation to pre-school education of children coming from disadvantaged families, the Money for high school program, the Professional scholarship, the Euro 200 program, the “Hot Meal” Program (awarding food support for pre-school children and pupils in 50 State-owned pre-university educational units), the Program for schools of Romania between 2017 and 2023, Deduction of commute (pupils and teachers), Award of (social, study, merit and performance) scholarships;
- Promoting programs of the type of “School after school” and “Second chance;”
- Supporting counseling and professional orientation activities;
- Supporting pupils with disabilities - access to basic education and higher level education;
- Ensuring education for national minorities;
- Ensuring school manuals for all pupils, of the translated versions for national minorities, as well as of the digital versions;
- Organization of the study process/particular cases (homeschooling; private education; intensive/bilingual teaching, and so on).

2. Ensuring quality at all educational and professional training levels.

- Elaboration of new/revised school plans and programs and ensuring adequate manuals, including digital ones;
- Performing relevant evaluations for the 2nd, 4th and 6th grades, National Evaluation and the Bacalaureate exam;
- Implementing the Action Plan for school desegregation;
- Establishing new reference standards and performance indicators; continued periodical assessment of educational units;
- Supporting programs for initial and continued training of the personnel through the project of Relevant Curriculum Open Education for All (CRED), financed through the POHC;

Objectives

Lines of action, programs, projects

- Supporting School Inspection; guiding and counseling teachers;
- Supporting extra-school and extracurricular programs, of health education, cultural-artistic and scientific education, ecologic education, education through sport, road education, education for sustainable development, financial education, promoting volunteering, civic education and social involvement;
- Developing the project of Judicial education in schools;
- Supporting the transition from one school cycle to another, programs of the type of School for parents and improving the skills of teachers through accessing non-reimbursable funds, from the calls for projects “School for all” and “Motivated teachers in disadvantaged schools”;
- Stimulating innovation and creativity, including entrepreneurial support; encouraging pupils capable of innovation and creation;
- Development and implementation of programs of stimulating performance, addressed to pupils with special potential;
- Organization of Olympiads and school competitions at local, regional, national, and international level.

3. Developing professional and technical education

- Supporting entrepreneurial education in the school units;
- Implementing dual professional education at national level;
- Performing studies on the needs of economic agents with regard to ensuring qualified personnel, as well as to the insertion of graduates on the labor market;
- Reestablishment/modernization of workshops-school for professional and technological education;
- Training teachers and tutors in the field of on the job learning;
- Ensuring several options for professional training for pupils and of continuance of studies at higher levels of qualification;
- Developing professional and technical education of 5th, tertiary, non-university education, in fields with growth potential, relevant for Romania’s economic development.
- Stimulating public-private partnerships;

Objectives	Lines of action, programs, projects
<p><i>4. Ensuring and modernizing the material base of pre-university education; using new technologies</i></p>	<ul style="list-style-type: none"> • Developing of qualification/continuous training programs, according to the needs found on the labor market. • Modernization of the obtaining of operating authorizations (sanitary, ISU) by all educational units; • Completion of the infrastructure investment objectives through the Early Education Reform Program (PRET) and the Project of Rehabilitation of School Infrastructure (PRIS); • Connecting all schools to the Internet; improving Internet access through the implementation of wireless-campus, with priority for secondary schools; • Developing educational programs, regarding safe Internet use; • Creating the Information system for School management; • Building the national E-education Platform; • Laptops for teachers; • Tablets for pupils; • Class instruments (equipping all classrooms with smart blackboards).
<p><i>5. Improving school management and developing the teaching career</i></p>	<ul style="list-style-type: none"> • Encouraging continuous training of teachers through programs financed from the State budget and European funds; • Ensuring school autonomy, associated with the increase of public responsibility; • Consolidating the partnership relationships between higher education and pre-university education, in initial and continuous training for the teaching career, which would ensure adequacy of the content and methods to the teachers' training needs, with implications on the personal and professional development thereof and the increase of the professional prestige of teachers; • Rethinking the modalities of career advancements for teachers, so that they should be made on the basis of relevant criteria and processes.
<p><i>6. Adequate financing of the education and</i></p>	<ul style="list-style-type: none"> • Ensuring co-financing for the implementation of projects financed from

Objectives	Lines of action, programs, projects
<i>professional training system</i>	<p>European funds;</p> <ul style="list-style-type: none"> • Ensuring basic financing for State and private education; • Ensuring a salary and financial motivation system adequate for the role the teacher fulfills in society, as main player in increasing the role of the educational act in society; • Ensuring the performance of monitoring/evaluation/counseling and control/audit activities; • Subsidies for Internet access for all educational units in the rural/urban areas; • Purchasing ICT equipment for secondary schools based on pilot projects; • Developing the Integrated Computer System of Education in Romania.
<i>7. Improving the transition from higher secondary education to tertiary non-university education - ROSE</i>	<ul style="list-style-type: none"> • Awarding grants to high schools with poor results, in order to reduce the drop-out rate, increase the graduation rate and improve performances at the Bacalaureate exam; • Ensuring mentoring experts for the implementation of remedying and support activities; • Training the personnel in the evaluation field.

II. Higher education

1. Improving access and participation

- Continued award of facilities for students and of scholarships for the youth in disadvantaged groups; implementation of social programs for students (free railway transport and so on);
- Establishing measures for students coming from disadvantaged groups, in order to increase the participation to tertiary education;
- Continued allocation of separate spots for Roma youth;
- Performing of “bridge” programs within the ROSE Program, which can include activities like: summer classes of university level for high school students; partnerships between high schools - universities - the labor market; development of tutorship programs, managed and coordinated by universities, for high school students;
- Creating, developing, and ensuring the initial operation of educational

Objectives	Lines of action, programs, projects
	<p>centers/laboratories in universities, in order to increase the degree of keeping in universities the students at risk, through the development of specific skills, and ensuring academic support services, aligned with the students' needs.</p> <ul style="list-style-type: none"> • Making the classification on groups of educational institutions, through a transparent process, based on relevant criteria; • Adequate and predictable financing of higher education institutions from Romania, with a focus on the fields with growth potential; • Strengthening the criteria and improving the standards of quality assurance - so as to observe the principles of <i>performance based development</i>; • Multiplying student and teacher mobility; participation to international demonstrations, contests, and fairs; • Involving universities in the elaboration of regional/sector/national policies and strategies; • Equipping license/specialty laboratories; • Consolidating the material base, building of new student dormitories and rehabilitation/modernization or construction of student canteens.
<p>2. <i>Ensuring the quality and increasing the competitiveness of Romanian universities</i></p>	<ul style="list-style-type: none"> • Ensuring freedom for the academic community in managing its own programs of studies, and education/research contents, as well as strengthening the administration capacity;
<p>3. <i>Ensuring higher education autonomy correlated with public responsibility</i></p>	<ul style="list-style-type: none"> • Developing the institutional capacity of universities and involving all stakeholders in university governance; • Active involvement of higher education institutions in the regional and national economic environment.
<p>4. <i>Correlating university studies programs with the needs of the labor market</i></p>	<ul style="list-style-type: none"> • Focusing studies programs on the acquisition of qualifications which are relevant on the labor market; • Multiplying the specialty/internship practice stages; • Implementing common projects between universities, private companies, State agencies;

Objectives	Lines of action, programs, projects
<p data-bbox="159 1153 422 1377"><i>5. Development and integration of computer systems for education and professional training</i></p>	<ul style="list-style-type: none"> <li data-bbox="454 212 1495 257">• Developing the Student Entrepreneurial Societies (SES); <li data-bbox="454 280 1495 324">• Supporting Career guidance and counseling centers; <li data-bbox="454 347 1495 436">• Developing and implementing instruments to monitor the educational process of the youth and the employability of higher education graduates; <li data-bbox="454 459 1495 593">• Implementing of programs promoting common projects for students and economic agents and encouraging students who want to establish start-ups; <li data-bbox="454 616 1495 705">• Approaching new subjects with practical applicability in graduation papers and master’s graduation papers and stimulating students in this respect; <li data-bbox="454 728 1495 862">• Performing studies on the needs of economic agents with regard to ensuring qualified personnel, as well as to the insertion of graduates on the labor market; <li data-bbox="454 929 1495 1108">• Correlation in a strategic computer system the current instruments of collection and reporting of data for higher education (ANS, RMU, Research Infrastructure, RMUR) and effective operationalization of existing systems (RMU, REI, SAPM, Study in Romania, etc.); <li data-bbox="454 1153 1495 1243">• Establishing a set of indicators for assessment and monitoring of public policies for university education; <li data-bbox="454 1265 1495 1355">• Consolidating monitoring instruments of higher education graduates’ insertion on the labor market; <li data-bbox="454 1377 1495 1467">• Continued used in the methodology of distribution of additional financing of human resources indicators; <li data-bbox="454 1489 1495 1534">• Participating to the research program EUROSTUDENT VI.
<p data-bbox="263 1624 1356 1668">III. Developing the European and international dimension of Romanian education</p>	
<p data-bbox="191 1680 422 1859"><i>1. Strengthening European and international cooperation</i></p>	<ul style="list-style-type: none"> <li data-bbox="454 1680 1495 1859">• Continuance and development of European and international cooperation in the field of education; consolidating bilateral relations with the Member States of the EU, those from the European Economic Area and with third countries; <li data-bbox="454 1881 1495 2020">• Undertaking an active role in the regional initiatives of the European Union: Strategy for the Danube Region, EU - Asia, EU - Latin America and the Caribbean, Eastern Partnership, North America and Africa, etc.;

Objectives	Lines of action, programs, projects
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2. Supporting Romanian communities outside Romania

- Ensuring Romania’s participation to international evaluations and studies (PISA, TALLIS, School resources).
- Giving scholarships and places exempt from paying school tax, approved on a yearly basis through Government Decisions, related to the schooling figure in pre-university education, for Romanian communities from abroad (Republic of Moldova, Ukraine, the Balkans, Diaspora);
- Increasing the number of participants to the course of Romanian Language, Culture and Civilization from EU countries;
- Ensuring facilities for ethnic youth who want to study in higher education institutions from Romania;
- Increasing the number of spots of lecturer for Romanian language, literature and civilization established in universities from Europe, Latin America or Asia.

3. Internationalization of higher education

- Elaboration and implementation of the Strategy of internationalization of higher education;
- Multiplying student and teacher mobility;
- Encouraging the participation to international demonstrations, contests and fairs;
- Including in the financing methodology indicators regarding international orientation of universities;
- Encouraging the internationalization of Romanian universities, by increasing quality, developing programs of studies in foreign languages and promoting the educational offer, in order to attract foreign students, including from third countries.

IV. Encouraging lifelong learning

1. Encouraging lifelong learning

- Adoption and implementation of the National Register of Qualifications;
- Elaboration/update of occupational and professional qualification standards in accordance with the new National Framework of Qualifications;
- Development of Community Centers for Continuous Learning;

Objectives	Lines of action, programs, projects
	<ul style="list-style-type: none"> • Developing of re-qualification/continuous training programs, according to employer needs; • Increasing the offer of post-university programs adapted to the requirements of the labor market, relevant for the beneficiaries' professional development needs; • Involving higher education institutions in the promotion and offering of specific lifelong learning programs.

V. **Increasing the administrative capacity of the MNE and of the units/institutions subordinated thereto and coordinated by it**

1. Increasing the administrative capacity of the MNE and of the units/institutions subordinated thereto and coordinated by it

- Monitoring the implementation of the measures provided in the Government Program and in the ex-ante condition strategies approved by the Government;
- Elaboration of action plans, monitoring and assessment reports;
- Training the personnel of the MNE and of the units/institutions subordinated thereto and coordinated by it with regard to strategic planning, program monitoring and assessment, program budgeting, and so on;
- Increasing institutional transparency by increasing the degree of availability of public data.

Justice policy

In 2019-2021 we seek to develop a modern, efficient, accessible and quality justice system, adapted to the requirements of contemporaneous society (e-justice, reducing trial length, unitary jurisprudence, specialization, integrity, transparency) and capable to face future challenges.

Our priority objectives are to modernize the legislation of the judicial system, as well as to implement certain immediate measures of legislative and administrative nature in the penitentiary system with the purpose of creating optimal detention conditions, in accordance with international standards.

Also, we are considering the context generated by the fact that Romania will have the mandate of the Presidency of the European Union Council as of January 1, 2019, which will imply a sustained effort from the institutions of the judiciary system as well.

Proposals of policies for 2019-2021

Strategic priorities:

1. Consolidating the administrative capacity of courts and facilitating access to justice;

2. Consolidating the legislative and institutional framework necessary for a good performance of the Ministry of Justice as provider of public services;
3. Coordination of the penitentiary system
4. Development of the probation system;
5. Consolidating the administrative capacity of the other subordinated institutions.

Main objective of sector policies:

1. Consolidating the administrative capacity of courts and facilitating access to justice

The general objectives which refer to the activity of courts of law for the period 2019-2021 were substantiated on the basis of the Government Program for 2017-2020 and of the Action plan for implementation of the Development strategy of justice as public service, as follows:

- Implementation at national level of the *Electronic case file* project;
- Continuance of the National Program of investment in court infrastructure from county capitals;
- Implementation of the Project of Improvement of Judiciary Services, financed by the IBRD;
- Continuance of the process of territorial reallocation, as form of reduction of the big volume of cases to settle before certain courts, as well as identification, together with the representatives of the judiciary system of new forms of relief.
- Creation of the *Justice District* in Bucharest, in order to settle the problem of the lack of spaces necessary for the courts and prosecutor offices from the capital based on the Memorandum themed: “Agreement in principle on contracting a loan from the International Bank for Reconstruction and Development (IBRD), in order to support the project “Justice District””;
- Initiating a national project in order to create 15 regional archive centers, for each court of appeal;
- Revision of the status of auxiliary staff in accordance with the requirements of the new codes, as well as standardization of the schemes of personnel according to the size/volume of activity of the court or prosecutor office;
- Extending the number of courts specializing in commercial issues from 3 (Cluj, Pitesti and Targu Mures) to 15, respectively in Bucharest and county capitals where there are courts of appeal, where specialized judges will work;
- Establishing a pilot court of law for administrative and fiscal litigations to operate in the country’s capital city;
- Reducing stamp duties when the object of the case is evaluable in money;
- Balancing, together with the SCM of the schemes of judges and, especially, of the positions of specialty auxiliary personnel, so as to reach a ratio of 1.5 - 2 court clerks/judge, in accordance with European standards.

2. Consolidating the legislative and institutional framework necessary for a good performance of the Ministry of Justice as provider of public services

Considering Romania’s progress and the fact that it has reached the benchmarks, the initial landmarks of the MCV, the Government and the EC will cooperate to lift the MCV during the mandate of the current Commission.

Project of *Improvement of Judiciary Services (PISJ)*, financed by the IBRD through loan

agreement no. RO-8695, ratified through Law no. 173/2017 was started, negotiated and approved, because the Report of the European Commission regarding the progress registered by Romania in the MCV of January 27, 2016 specify that the investments in the seats and IT infrastructure of the courts of law must be continued in the following years. Thus, the MCV report mentions that: “The structural reform of the judiciary system must be accompanied by the modernization of buildings and computer systems: a series of works of construction of rehabilitation of the courts are in progress, financed through the loans awarded by the World Bank.” Thus, over 80% of the value of the loan corresponding to PIDJ is dedicated to the modernization of computer systems in the judiciary system (courts, prosecutor offices, NTRO) and for the rehabilitation/construction of six district courts in poor areas, respectively the finalization of works for the three court seats taken from the Judiciary System Reform Project. For this reason, the successful implementation of PISJ will contribute, together with the other achievements at Government level, to the process of cooperation with the EC for the lifting of the MCV.

Another priority is the continuance of the project “Judicial education in schools”, starting from the Protocol signed in 2013 between the Ministry of Justice, the SCM, the Public Prosecutor and the Ministry of National Education.

3. Coordination of the penitentiary system

The Romanian penitentiary system is a component of the public order and national safety system of Romania, whose main purpose is to develop a public service which is transparent and safe for the community, based on the guarantee of safety of detention areas and on social reintegration of the people sentenced to custodial punishments.

The National Administration of Penitentiaries applies in its fields of competence the policy of the Romanian Government on the execution of punishments and custodial sentences delivered by the courts of law, proposing to achieve the following priority objectives:

3.1 Modernization and development of the infrastructure of the penitentiary system

Ensuring optimal detention and transport conditions, in accordance with international standards, represents a priority of the penitentiary administration system.

In the session of January 17, 2018, the Government of Romania approved through Memorandum the Schedule of measures for 2018-2024 for the settlement of prison overcrowding and detention conditions, in the enforcement of the judgment in case Rezmives and others against Romania, delivered by the European Court of Human Rights on April 25, 2017, in order to submit it to the Council of Europe.

Following the enforcement of the provisions in Law no. 169/2017 amending and supplementing Law no. 254/2013, which established a compensation mechanism for the award of a benefit of 6 supplementary days considered executed for a number of 30 days of custody in unfit detention spaces, the deficit of accommodation spaces followed a descending trend. On June 19, 2018, the penitentiary system had 22,502 people in custody and registered a deficit of 3,951 accommodation spaces, calculated at 4 sq. m. for every detainee.

The current plan of measures provides the extension of the accommodation capacity of the penitentiary system, considering several aspects, like:

- the degree of wear of some of the buildings, which could lead to unfit accommodation conditions for the detainees and would impose their removal from use;
- the modernization of accommodation areas presupposes the repartitioning of spaces, in accordance with European standards, and inevitably leads to the decrease of the accommodation capacity;
- it cannot be estimated the evolution of the number of detainees in the custody of the penitentiary system (for example: the new Criminal Code sets bigger punishments for repeat offenders, the

benefit of conditional release is granted only to the convicted distributed to open and semi-open regimes, etc.).

The enforcement of the measures established by the plan will ensure the creation of a number of 8,095 new places of accommodation and the modernization of 1,351 places of accommodation.

3.2 Guaranteeing safety of the penitentiary administration system and uniformity of the manner of enforcement of the penitentiary regime

The achievement of this strategic objective is conditioned on the following aspects:

- supplementation of the legislative framework as a result of the amendment of the criminal enforcement law;
- assurance and observance of detainee rights;
- qualifying detainees in different trades and including them in profitable activities through production workshops/agricultural and zootechnic households.

The result of this objective is the improvement of the supervision and control capacity and the limitation of

punishment execution avoidance and it presupposes:

- the implementation of integrated guard, video surveillance and access control systems (Penitentiaries in Constanta, Poarta Alba, Ploiesti, Satu-Mare, Baia-Mare, Bistrita, Deva, Drobeta Turnu Severin, Targu Jiu, Vaslui, Jilava);
- adequate equipment of the personnel who executes missions of guard, supervision, escort and intervention with specific means and equipment;
- purchase and equipping of all penitentiary units with means of performance of anti-terrorist and specialty control;
- continued purchase and equipping of the entire personnel with service attire;
- implementation in the penitentiary system of a remote electronic supervision system of the detainees who leave the penitentiary without supervision;
- blocking/reducing the GSM signal in the units subordinated to the National Administration of Penitentiaries, in order to eliminate/reduce the possibility of illegal use of mobile phones by the detainees;
- organization of alarm exercises and performance of tactical and applied exercises, with participation of personnel from several penitentiaries and from the other structures of the public order and national safety system;
- purchase and implementation of "Body Cam" systems;
- modernization and assurance of functionality of "Mandown" human value protection systems;
- implementation of electronic document management systems and activities specific for safety of holding and applying the penitentiary regime;
- conclusion and implementation of protocols of collaboration with courts of law (electronic subpoenaing and video conference).

3.3 Education, psychological assistance and social assistance adapted to the detainees' needs, in order to increase the chances for social reintegration of the detainees

Through Government Decision no. 389/2015 on the National Strategy of social reintegration of prisoners for 2015-2019 it was created at national level the inter-institutional action mechanism necessary for the social actors with a role in the successive stages of the social reintegration process.

In this mechanism, the penitentiary service has an essential role in the preparation for the post-detention period and social reintegration of the prisoners.

For the purpose of materializing this objective, it is necessary to correlate the needs of the prisoners

with the actions of recovery corresponding to the educational, psychological and social fields.

In this respect, one of the priorities of the penitentiary system consists of developing and adapting intervention methodologies and instruments to the dynamic specificity of the prison population, in the context of individualized planning of custodial sentences and assurance of the progressive execution regime, which must allow access to the possibility of conditional release.

The specific actions related to education, psychological assistance and social assistance are dedicated to preparing the detainees for social and professional reintegration, supporting them after being in prison being absolutely necessary in order to reduce the rate of repeat offences.

The application of the *Social reintegration strategy for detainees* is among the measures included in the Government program, included in the Justice chapter.

For the following years are considered the continuance of the standardization process of the social reintegration field, the revision of the offer of programs and activities, the consolidation of their implementation, the update of the methodologies and procedures, in order to make more efficient the assistance given to detainees, in every detention unit from the penitentiary system.

4. Development of the probation system

Extending the role of probation services in the criminal execution sphere imposes the continuance in the following years of the process of consolidation of the probation system, of the work mechanisms in the probation system in order to apply the provisions of the legislative framework in the field of sanctions and non-custodial measures, as well as of all processes corresponding to the assurance of the infrastructure, human and financial resources necessary for the probation services' activity.

These processes are subordinated to the objectives and measures comprised in the *Government Program for 2017 – 2020* as well as in the *Action plan for implementation of the Development strategy for the judicial system for 2015 – 2020*, which refers to the consolidation of the probation system as a form of reduction of the population from the penitentiaries (Measure 23 in the Justice chapter), the revision of the Statutes of probation counselors, as well as of the National strategy in this field (Measure 25 in the Justice chapter). In the Schedule of measures for 2018-2024 for the settlement of the over-crowding in prisons and of detention conditions, in the enforcement of the pilot judgment in case Rezmives and others against Romania, approved through memorandum of the Government of Romania, were included a series of actions which are in close correlation with the aforementioned strategic documents.

Objectives at legislative level:

- Promoting the statutes of probation personnel, in application of the provisions of art. 121 para.

(1) in Law no. 252/2013 on the organization and operation of the probation system, as subsequently amended and supplemented. Adopting the new statutes of the probation personnel is an essential and urgent stage in ensuring sustainability for the reorganization process of the probation system;

- Approval through Government decision of the minimum work standards for probation for

the institutions in the Community;

- Approving through Government decision the National Strategy of Rehabilitation of People who were subject to Community sanctions and measures, applied in the probation system;
- Approval through Government decision of the Development Strategy of the Probation System for 2018-2020.

*Objectives which refer to **human resources and infrastructure**:*

- Organizing contests for occupation of the vacancies of probation personnel, in stages, in order to ensure the normal performance of the process of enforcement of sanctions and non-custodial measures ordered by the courts of law in criminal cases;
- Ensuring the working conditions for the employed personnel, identifying spaces to be used as seats of the probation services, including through lease, purchase of IT equipment and furniture from the funds from the State budget, as well as from external non-reimbursable funds.

5. Consolidating the administrative capacity of the other subordinated institutions

National Institute of Criminology

The National Institute of Criminology was reestablished through G.D. No. 14/2017 of January 12, 2017, as a specialty body subordinated to the Ministry of Justice, with the purpose of ensuring the prevention and control of criminality.

The general objective for 2019-2021 is to fully operationalize this institution in order to fulfill an efficient role in researching the criminality phenomenon.

National Trade Register Office

According to the Government Program for 2018-2020 and the Action Plan of the Development Strategy of the Judicial System for 2015-2020, for the activity performed, the National Trade Register Office must fulfill the following objectives:

- Simplifying the access to the services of the Trade Register and takeover by this institution of certain procedures related to trading companies which are currently carried out by the courts of law;
- Consolidating the institutional capacity of the NTRO, of the trade register system and of the integrated computer system of the NTRO through: improvement of the legislative framework which regulates the activity of registration in the trade register and the institutional development necessary for the enforcement of future legislative solutions;
- Regulating, developing and implementing the solution regarding the electronic bulletin of the trade register and the electronic archiving of the documents managed by the NTRO;
- Extending the Bulletin of Insolvency Procedures;
- Development and implementation of the solutions regarding the extension, optimization, development, and interconnection of the on-line services portal and of the integrated computer system of the NTRO with the ECRIS system for courts and prosecutor offices, the e-justice portal and other systems;
- Professional training of the staff of the NTRO;
- Elaboration and implementation of quality management solutions in the NTRO;
- Ensuring the hardware infrastructure of the NTRO.

National Institute of Criminal Expertise

In order to make more efficient the criminal expertise activity, the National Institute of Criminal Expertise has as general objectives in 2019-2021: to implement new specialties of criminal expertise, to continue to purchase modern equipment and programs for the institute, to maintain the ISO/CEI 17025 certification and to increase the number of criminal expertise actions carried out through the use of performing equipment and to hire forensic experts;

National Authority for Citizenship

- The National Authority for Citizenship has as main objectives for 2019-2021: (1) to consolidate the organizational and functional framework necessary for processing the applications for gaining, regaining and waiving Romanian citizenship, (2) to continue the process of organization and planning in every functional compartment of the NAC's structure, in accordance with the duties established through the Regulation of Organization and Operation and of coordination of internal actions, including at decisional level, in order to achieve the specific objectives undertaken, (3) to ensure the involvement/participation to the elaboration, update or initiation of amendments/supplementations of the legal and inter-institutional collaboration/cooperation framework, within the limit of own competences.

Agency of Administration of Seized Assets

Through the incorporation of the National Agency of Administration of Seized Assets (ANABI), Romania has an integrated approach on the recovery of assets originating in crimes, combining the support functions for the criminal prosecution bodies and courts of law with those of international cooperation, of effective management of seized assets and of social reuse of seized assets and values.

The final purpose of ANABI is to ensure an increase of the rate of enforcement of seizure orders in criminal cases, through efficient administration of seized assets which are distributed to the Agency by prosecutors and judges. At the same time, the revenues brought to the State budget will increase, as well as those which ensure compensation for crime victims, including the State, when the State brought a civil action in criminal proceedings.

During the forecasted period, budget resources will be allocated to reach the following objectives and projects with priority:

- Completion of the process of operationalization under the Ministry of Justice of the National Agency for Administration of Seized Assets (ANABI) and consolidation thereof;
- Increasing the degree of recovery of crime products on the basis of the best practices from other EU Member States and consolidating judicial practice;
- An international recognition of the confidence given to the Agency is represented by the takeover by ANABI in 2019 of the presidency of the CARIN (Camden Asset Recovery Inter-Agency Network - the international network specializing in international cooperation for seizing products originating in crimes) network.

The objectives and measures foreseen are an integral part of the National Development Strategy of the Judicial System for 2015-2020.

Policy in the field of internal affairs

In agreement with the Government Program for 2018-2020, the efforts made by the Ministry of Internal Affairs are concentrated on citizen safety, with a focus on a drastic limitation of events resulting in the loss of human lives, affecting the health of the population, as well as material damages on the State and private property.

Through implementation of the Institutional Strategic Plan for 2019-2021, the Ministry of Internal Affairs acts for the fulfillment of *three strategic objectives* established in the document, as follows:

- Ensuring a high degree of safety for people and protection of assets;

- Increasing the MIA's capacity to handle major events;
- Increasing the MIA's efficiency and administrative capacity.

At the same time, the Institutional Strategic Plan for 2019-2021 proposes that the 3 aforementioned strategic objectives should be implemented through **5 budget programs**, as follows:

- Program 1 "Public order and safety"
- Program 2 "State border safety, migration, asylum, and integration"
- Program 3 "Civil protection and support given to the community"
- Program 4 "Services for citizens and legal entities"
- Program 5 "Administrative capacity and operational support"

The **5 budget programs** provide **measures**, as well as **expected results**, as follows:

PROGRAM 1 "PUBLIC ORDER AND SAFETY"

1.1 Program objective - *Ensuring a high degree of safety for people and protection of assets*

1.2 Program measures:

- Prevention and fighting of crimes against people
- Prevention and fighting of crimes against assets
- Preventing and fighting crimes against the regime of weapons and ammunitions, nuclear materials, explosive materials and hazardous substances
- Fighting organized crime on the line of human trafficking
- Fighting organized crime on the line of drug trafficking
- Fighting cybercrime
- Fighting organized crime on the line of terrorism financing and money laundering
- Human trafficking prevention
- Giving support to victims of human trafficking
- Prevention of drug consumption
- Giving assistance to drug users
- Prevention and fighting of tax evasion
- Smuggling prevention and combating
- Preventing and combating crime in the field of intellectual property rights
- Preventing and combating the main causes of road accidents
- Preventing and combating deviations and crimes against railway circulation safety
- Preventing and combating deviations and crimes against the naval transport regime
- Preventing and combating crimes against the regime of protection of the national cultural heritage
- Prevention and fighting of forestry crimes
- Preventing and combating of crimes against the fishing fund, fishing and aquaculture
- Participation of the representatives of the General Inspectorate of Romanian Police (IGPR) to international missions and activities
- Performance of the initial and continued professional training of policemen in the School of Police Agents "Vasile Lascar", Campina and in the School of Police Agents "Septimiu Muresan" in Cluj-Napoca
- Performance of the continuous training of policemen in the Center of Training and Improvement of Policemen "Nicolae Golescu" in Slatina and in the Dog Center "Dr. Aurel Greblea" Sibiu

- Ensuring operative interventions for the calls received in the operational centers of the territorial structures of MIA
- Ensuring guard, protection, supervision, and intervention
- Performing missions of public order maintenance and assurance
- Prevention and combating of terrorism
- Participation of the representatives of the General Inspectorate of Romanian Gendarmerie (IGJR) to international missions and activities
- Performing initial and continuous training of gendarmes in the Military School of Petty Officers of Gendarmes “Grigore Alexandru Ghica” in Dragasani and in the Military School of Petty Officers of Gendarmes in Falticeni
- Performing continuous professional training of gendarmes in the School of Application for officers “Mihai Viteazul” in Bucharest, the Center for Training and Improvement in Gheorghieni, the Mountain Center for Training and Improvement in Sinaia and the Center for Training and Improvement in Ochiuri
- Performing information and operative activities for the identification, prevention, and counteracting of threats, vulnerabilities and of the risk factors that might lead to a serious disturbance of public order

1.3 Expected results:

- To prevent and fight crimes against people, goods, as well as against the regime of weapons, ammunitions, nuclear materials, explosive materials and hazardous substances
- De-structuring of organized crime groups
- Increasing the capacity for self-protection of the population against victimization and re-victimization through human trafficking
- Reducing drug demand and offer
- Reducing tax evasion and other forms of economic and financial crime
- To reduce deviations and crimes which generate road, railway, and naval risks
- To protect the national cultural heritage and the national natural ecosystems
- To extend cooperation with external partners in the specific fields of IGPR
- To ensure specialized human resources - initial and continuous training of the personnel of IGPR
- To maintain a high percentage of interventions with response time below 10 minutes for the calls of SNUAU 112
- To reduce the incidents registered at the objectives, goods, values, and transports under the responsibility of the Romanian Gendarmerie
- To reduce the number of antisocial acts committed on the streets
- To contribute to maintaining the terrorist threat at a low level
- To extend cooperation with external partners in the specific fields of IGJR
- To ensure specialized human resources - initial and continuous training of the personnel of IGJR
- To ensure decisional support in the activity of assurance and restoration of public order

1.4 Impact indicators of the Programme 1 “Public order and safety”:

No	Indicator name	M.U.	Target for 2021
1.	Share of population considering that Romania is totally or	%	6%

	very unsafe with regard to security of individuals		
2.	Number of crimes per 100,000 inhabitants	No.	1,467
3.	Level of confidence of the population in the structure of the MIA (Romanian Police)	%	52%

PROGRAM 2 “STATE BORDER SAFETY, MIGRATION, ASYLUM, AND INTEGRATION”

2.1 Program objective - Ensuring a high degree of safety for people and protection of assets

2.2 Program measures:

- Supervision and control of State border crossing
- Combating fraudulent border crossings
- Combating migrant trafficking
- Participation of the representatives of the General Inspectorate of Border Police (IGPF) to international missions and activities (exclusively of those subordinated to FRONTEX)
- Participation of the representatives of IGPF to common operations under the aegis of FRONTEX
- Participation of the representatives of the General Aviation Inspectorate of the Ministry of Internal Affairs (IGAv) to international actions under the aegis of FRONTEX
- Performing initial and continuous training of border police agents in the School of training of border police agents “Avram Iancu” from Oradea
- Performance of continuous training of border policemen in the Centers of Preparation of the Border Police in Iasi, Drobeta Turnu Severin and Agigea
- Prevention and combating of illegal stay and undeclared work of nationals of third countries
- Giving assistance to those who claim asylum and to the beneficiaries of a form of international protection
- Endorsing visa applications and awarding/extending the right of stay of nationals of third countries in Romania

2.3 Expected results:

- Managing the State border crossing process
- Maintaining cooperation with external partners in the specific fields of IGPF
- Ensuring specialized human resources - initial and continuous training of the personnel of IGPF
- Reducing the number of nationals of third countries who live/work without legal forms on Romanian territory
- Implementing policies in the field of international protection and integration of foreigners
- Admission and legal stay on Romanian territory of nationals of third countries.

2.4 Impact indicators of Program 2 “State border safety, migration, asylum, and integration”:

Program 2 finances the same objective as Program 1. The impact indicators of Program 2, together with the targets for 2021 are detailed in Program 1.

PROGRAM 3 “CIVIL PROTECTION AND SUPPORT GIVEN TO THE COMMUNITY”

3.1 Program objective - Increasing the MIA’s capacity to handle major events

3.2 Program measures:

- Preventing the risks associated with emergency situations and disasters and improving intervention effectiveness
- Giving qualified first aid and emergency medical assistance
- Preparing the population, the economy and the territory for defense and assuring State reserves
- Performing initial and continuous professional training in the School of Petty Officer Firemen and Civil Protection “Pavel Zaganescu” in Boldesti
- Performing continuous training of firemen in the National Center of Improvement of the Training for Management of Emergency Situations in Ciolpani and of the preparation/training centers
- Training the representatives of the prefect institutions and the personnel with management positions and duties in the field of emergency situations from the local public administration, decentralized and de-concentrated services

3.3 Expected results:

- Ensuring population protection and reducing the effects associated with emergency situations and disasters
- Ensuring specialized human resources - initial and continuous training of own personnel and of the personnel with duties in emergency situations from the local public administration, decentralized and de-concentrated services

3.4 Impact indicators of program 3 “Civil protection and support given to the community”:

No.	Indicator name	M.U.	Target for 2021
1.	Level of confidence of the population in the structures of the MIA with duties in preventing and managing emergency situations (Firemen)	%	85%

PROGRAM 4 “SERVICES FOR CITIZENS AND LEGAL ENTITIES”

4.1 Program objective - *Increasing the MIA’s efficiency and administrative capacity.*

4.2 Program measures:

- Issuance of documents under the competence of the Directorate for Civil Register and Database Administration (DEPABD)
- Issuance of documents under the competence of the General Directorate of Passports (DGP)
- Issuance of driving licenses and vehicle registration documents
- Taking over archives from third parties
- Issuance of documents from the competence of the National Archives (AN)

4.3 Expected results:

- Managing the process of issuance of documents from the competence of DEPAD
- Managing the process of provision of public services from the competence of DGP
- Managing the process of issuance of documents and plates with registration numbers from the competence of the Directorate of Driving License Regimes and Vehicle Registration
- Managing the activity of the AN

4.4 Impact indicators of program 4 “Services for citizens and legal entities”

No.	Indicator name	M.U.	Target for 2021
1.	Satisfaction of beneficiaries related to the graduates of the schools of MIA	%	70%
2.	Total budget allocation managed by the MIA	%	10%

PROGRAM 5 “ADMINISTRATIVE CAPACITY AND OPERATIONAL SUPPORT”

5.1 Program objective - *Increasing the MIA’s efficiency and administrative capacity.*

5.2 Program measures:

- Observing the legal provisions related to promotion of draft public policy documents
- Observing the legal provisions related to promotion of draft legislative act documents
- Improving the efficiency and effectiveness of the control act in the MIA
- Improving the efficiency and effectiveness of internal public audit in the MIA
- Making more efficient the process of planning, management and coordination necessary for an integrated response in case of occurrence of special and crisis situations
- Managing the funds allocated to create the assumptions for optimal performance of the activity of the ministry’s structures
- Making the payment of pension rights and other social insurance rights due to the beneficiaries of Law no. 223/2015
- Managing the logistics resources necessary for a good operation of the ministry
- Improving the performance of the ICT systems and ensuring the maintenance of the existing infrastructure
- Managing the human resources necessary for a good operation of the ministry
- Training the personnel of MIA to acquire expertise in specific fields
- Ensuring air support for reestablishment of public order, border supervision and interventions in emergency situations
- Accessing external non-reimbursable funds
- Prevention and combating of corruption in the MIA
- Fast information of mass media and citizens
- Training specialists with university training for the structures of MIA
- Adapting training programs in correlation with the evolution of phenomena in the field of public order and safety
- Ensuring methodological support for the prefect institutions
- Ensuring participation to the Councils of JAI, to Schengen assessment missions and to international cooperation activities carried out in bi and multilateral frameworks
- Developing cooperation relationships at international level for the purpose of making exchanges of data and information with regard to the process of identification and protection of the national/European critical infrastructures
- Ensuring the participation of the personnel of MIA to international sports activities
- Training the personnel of MIA involved in the organization and implementation of PRES EU

5.3 Expected results:

- Ensuring the observance of the legal provisions in the process of elaboration and promotion of public policy/legislative act documents
- Developing the control and audit capacity in the MIA
- Consolidating the management capacity for managing special and crisis situations Ensuring the management of financial, logistics, ICT and human resources

- Managing actions/interventions with air support
- Making more efficient the process of attraction of non-reimbursable funds
- Consolidating the integrity environment in the MIA
- Making more efficient public communication of the MIA with regard to the actions performed by the structures of MIA
- Increasing the quality of the educational act of the Police Academy and the Institute for Public Order Studies
- Ensuring unitary coordination of the activities of the prefect institution
- Increasing the MIA's visibility at European and international level
- Active participation of MIA to the preparations for exercise under the best conditions by Romania of the Presidency of the EU Council in semester I of year 2019

5.4 Impact indicators of program 5 “Administrative capacity and operational support”

Program 5 finances the same strategic objective as **Program 4**. The impact indicators of Program 5, together with the targets for 2021 are detailed in **Program 4**.

Policy in the field of national defense

The strategic objective of the defense policy for the period 2019-2021 is the modernization and adaptation of the Romanian Army to the risks and challenges specific for the current geopolitical framework, as well as the consolidation of Romania's profile of relevant strategic partner in NATO, the EU and the strategic partnership with the USA.

A. Objectives of the defense policy

- Strategic continuity in NATO and the EU;
- Increasing the professional capacity of the armed forces;
- Revitalization of the national defense industry;
- Professional training and life quality of the military personnel;
- Preparing the population and the territory and inter-institutional management of military or security crises;
- Implementing an optimal management of defense resources.

B. Main directions of development of the military capacity

- In order to gradually achieve the military capabilities, the defense policy must lead to ensuring the conditions for implementation of the “Program regarding the transformation, development, and equipment of the Romanian Army by 2026 and in perspective.”
- The budget allocations for MApN for 2019-2021 must reconfirm the decisions adopted following the Summit in Wales, as well as the National Political Pact, signed by the Parliamentary Parties. The fulfillment of this wish leads to the need to continue assuring the level of 2% of GDP for the reference period, in accordance with the provisions of the Government Program for 2018-2020.

- The capabilities of the Romanian Army shall be developed in the following fields: command, control, and communications, employment, information, force projection, protection and support.
- The establishment, development, and maintenance of the capabilities shall be made by considering the requirements and actions comprising elements of: doctrine, organization, preparation, command, equipment, personnel, infrastructure, and interoperability (DOTLMPFI);
- According to the fields of action, the Romanian Army develops the following capabilities:
 1. **command, control, and communications** of strategic, operative, and tactical level, centers of communication and informatics and support units in the field of communications and informatics/CIS of the structure of forces;
 2. **employment**: large units and mechanized units, infantry units, tanks, mountain hunters, artillery, special forces, battle aviation, battle helicopters, marine and river battle ships, marine infantry, military police, and psychological operations;
 3. **information**: large units and military information, supervision and research units;
 4. **force projection**: large units and tactical air transport units, ships and support units, and land transport units;
 5. **protection**: large units and land-air rocket units, anti-aircraft defense units, genius combat units, CBRN, EOD, mining/de-mining units and for protection of Romanian and foreign military dignitaries on the national territory;
 6. **support**: large units and operational and support logistics units.
- The development of military capabilities shall be made gradually, with a focus on the critical ones, configured both for national and collective defense. Such critical capabilities will target: efficient command and control capabilities; information, supervision and recognition capabilities, based on the developments at NATO level on this dimension, which should ensure the segment of early warning; capabilities of counteracting A2AD systems. Also, it will be sought to develop the capabilities necessary to counteract asymmetrical threats or hybrid hostile approaches; intra-theater transport capabilities; logistics and medical capabilities, cyber defense capabilities of the Romanian Army and integration thereof into the national cyber defense system;
- In the process of development of capabilities will be mainly sought to fulfill the commitments undertaken in the NATO defense planning process (NDPP) through the Capabilities Targets for 2017, first of all through implementation of the set of immediate measures approved by the ministry of national defense in order to develop the capabilities established as priorities for Romania on the occasion of the Meeting of the ministers of defense from the Member States of NATO in July 2017;
- An important focus will be placed on the modernization/reconfiguration of the military infrastructure (instruction and quartering) according to possible scenarios of a conventional military aggression, including by considering the operationalization of allied command and control structures established on the national territory, respectively of the needs related to assuring support of the host nation for possible NATO forces dislocated in Romania in case of a military aggression, as well as for the pre-positioning thereof. In this respect, special

attention is given to investments made through the NATO Security Investment Program (NSIP). An important element from this perspective is represented by the projects of modernization of the military infrastructure on the national territory in the Initiative for European Discouragement and in the Set of European Activities, respectively the continued collaboration in the field of equipment through purchase of equipment declared EDA by the USA;

- At the same time, special attention will be given to the participation to the projects of development of the capabilities for defense proposed in the framework of Permanent Structured Cooperation (PESCO) in the field of defense at EU level, for which Romania identified a potential of involvement, in accordance with the provisions of the Memorandum themed “*Permanent Structured Cooperation (PESCO) in the field of defense at EU level*”, approved by the CSAT on October 17, 2017;
- Increasing attractiveness of the military field through improvement of the salary and pension system and of the continuous professional training offer, which should be one of the main lines of action for increasing organizational performance;
- Another objective considered by the MApN for the reference period is to increase the life quality of the military and civil personnel by ensuring residential facilities, as well as through assurance of medical assistance for army personnel and for military personnel in reserve and retiring.

Health policy

I. MISSION

Our health care system, with its institutions and health professionals, place the patient at the core of their concern. The social concept which substantiates the health system is based on the principles of universal access to quality medical care and, as a result, it presupposes the application of the principle of solidarity in financing.

The citizens must be given back their confidence in the health system, through civilized access to the medical services they need, as well as by giving back the dignity of medical personnel.

II. STRATEGIC PRIORITIES ON MEDIUM TERM

General objective

A health system which supports and offers the possibility for the citizens to reach a health state as good as possible and which contributes to increasing their life quality.

Specific objectives:

One of the fundamental objectives the Romanian Government undertakes and promotes is to continue the reform in the health field through implementation of the National Health Strategy for 2014-2020. It presupposes a series of reforms of the public medical care system, essential for improving the population's health, increasing the quality and efficiency of health services and improving the population's access to health care. The policies will be reflected into the increase of the lifespan, reducing the burden of diseases, disabilities and premature deaths and, implicitly, in increasing life quality.

Setting the priorities has strategic considerations and is mainly influenced by the gaps with regard to health indicators and the inequality in the health field: mother and child mortality, main transmittable diseases (for example, TB, HIV/AIDS), as well as the main five chronic pathologies which can be diagnosed and treated early (cancer, cardiovascular diseases, diabetes, mental disorders, rare diseases), known as having a stronger impact on the poorest and most vulnerable people. Improved access to health services, especially for the population's most vulnerable segments, together with decreasing administrative costs, including through measures of rehabilitation and modernization of the health infrastructure and, together with an improved administrative capacity, represent strategic objectives which seek to maximize the potential of the sanitary sector of contributing in a sustainable financial manner to promoting social cohesion through health and health services.

Romania has set its strategic areas of development for the health sector on short, medium, and long term, as follows:

A. PUBLIC HEALTH

The measures corresponding thereto refer to:

- Improving the health and nutrition state of women and children, including for disadvantaged and vulnerable groups - interventions to prevent malnutrition, obesity, neonatal deaths through increasing access to adequate care; family planning services;
- Elaboration, financing, implementation of prophylactic programs for children for all therapeutic areas, through introduction of mandatory consultations for children aged 5 to 9 years through the school medicine network or medical cabinets;
- Increasing the capacity for neonatal screening in order to find congenital malformations, genetic risk, inborn metabolism errors, sensory deficiencies and cystic fibrosis;
 - Reducing the incidence of non-transmissible diseases which are currently the major causes of morbidity, disability and mortality - cardiovascular and cerebral-vascular diseases, cancers, diseases of the digestive system, of the respiratory tract, diabetes, through measures like: risk assessment and active supervision of the population through prevention services, screening in the early stages of disease and organized screening interventions, extending and diversifying the services that can be offered at the level of family and specialty medicine, developing/improving the screening network for cancer, through creation of additional screening centers for cancer, the purchase of eight mobile units for cancer screening and improving the technical capacity of the regional laboratories of pathology and cytology;
 - Reducing mortality and morbidity caused by transmissible diseases, of their impact for individuals and society, and on the long term significantly reducing their incidence;
 - Increasing the screening capacity for transmissible infectious diseases (including sexually transmitted diseases): hepatitis, HIV, tuberculosis;
 - Health in relation to the environment;
 - Mental health - improving life quality for the people with mental disorders by ensuring access thereof to medical and psychological therapies; screening for consumption of psychoactive substances;
 - Rare diseases - improving the quality of care given to patients with such

afflictions on the entire care chain and ensuring access to specific therapy;
•Introducing new actions, like: screening for cardiovascular diseases with major risk starting from the hypertensive pathology.

The implementation of the measures listed above shall be made through the national public health programs financed from the budget of the Ministry of Health and the Project on the Reform of the Sanitary Sector - Improving the Quality and Efficiency of the Sanitary System, financed through the International Bank for Reconstruction and Development (IBRD 8362RO).

B. HEALTH SERVICES

- Increasing the degree of interconnection of medical services suppliers in order to facilitate the exchange of information useful to the patients;
- Improving the statistical reporting system in the medical field and developing an early epidemiological warning system;
- Consolidating the network of community medical assistance services dedicated to the vulnerable groups;
- To increase the effectiveness and diversification of primary medical care, including the increase of the share of primary, secondary, and tertiary prevention services, early diagnosis and treatment, monitoring the chronic patient (HTA, diabetes) in the community;
- To consolidate the quality and effectiveness of services supplied in specialty ambulatories, at the same time as decreasing the number of cases of continuous hospitalization;
- To increase the degree of safety of the population through consolidation of the integrated emergency services and assuring accessibility to adequate emergency medical care in an equitable manner;
- To extend the remote medicine system between the pre-hospital and hospital, as well as between the emergency units and emergency rooms, to which permanence centers can be added as well;
- To regionalize/focus hospital medical assistance and create regional reference networks with hospitals and laboratories of different degrees of competence interconnected with the primary and outpatient care sector;
- To place in the center of the hospital network the regional emergency hospitals with high degrees of performance, to which zonal hospitals are added, supplemented by the rest of emergency county hospitals and those from Bucharest, as well as specialty institutes;
- To improve selected medical services, through rehabilitation/creation and supply of medical equipment and other type of equipment for operating rooms, intensive care units, units for the burnt, radiotherapy units, emergency and diagnosis services (medical imaging);
- To increase access to services of rehabilitation, palliation and long-term care.

Measures that correspond to the strategic area of health services propose:

C. TRANSVERSAL MEASURES

- Consolidating the capacity for previsioning of medical services offered to the population through the development by the Ministry of Health of information systems of analysis for the system's strategic fields (human resources, infrastructure, financial resources);

- Strengthening the administrative capacity at national, regional, and local level;
- Implementing a sustainable policy of assurance of human resources in the health field;
- Implementing a sustainable policy of ensuring the financial resources in the health field, ensuring cost control and financial protection for the population;
- Implementing strategic measures for preventing fraud and corruption in the administration and services of the health system;
- Development and implementation of a medicine policy which would ensure equitable and sustainable access to evidence based medication for the population;
- Promoting health research and innovation;
- Inter-sector collaboration for an improved health of the population, especially of vulnerable groups;
- Making more efficient the health system through accelerating the use of modern information technology and communications (e-health);
- Developing the adequate infrastructure at national, regional, and local level, in order to reduce inequity in access to health services.

*Expected results:
Following the
implementation of
these policies, the
health system in
Romania will have
the following
minimum
characteristics on
medium and long
term:*

- supplies on a permanent basis safe and efficient health services and the patient receives the medical services he/she needs, at all levels of medical assistance (primary, secondary, tertiary);
- the public policies, from those of allocation of resources at national level, to those related to the methods of diagnosis and treatment, will be based on the best existing scientific and technological knowledge;
- ensuring medical service quality;
- reducing risks and ensuring patient safety will be supported through the informational systems and procedures proposed and through the quality monitoring system, which will aid with the recognition, prevention, and reduction of errors;
- the system's optimization will be focused on facilitating inter-sector cooperation, which is essential for the approach of health determinants with high impact on health.

The following measures are absolutely necessary for the implementation of the subsequent objectives and measures and for assurance of the operation under quality conditions of the sanitary system:

- *gradual increase of allocated resources;*
- *increasing financing for emergency medical care;*
- *financial support for health programs;*
- *financing the rehabilitation, consolidation of certain public medical units;*
- *financing the construction of new hospitals;*
- *financing the purchase and equipment of sanitary units with medical equipment, medical devices and sanitary transport means;*
- *giving financial support for improving the infrastructure and equipping public hospitals from the network of the local public administration authorities.*

Policy in the field of public investments

The investment program of the Ministry of Health is defined in the medium term fiscal and budgetary strategy for 2017-2020 of the Ministry of Health, through two main investment projects,

where a series of sub-projects are found:

- Project 1. **Financing the development and modernization of the medical infrastructure**, with the sub-projects:

- a) Completion of the investment objectives started in previous years;
 - b) Continuance of the consolidation program (and other intervention works) of the buildings of medical units;
 - c) Rehabilitation of the infrastructure of medical units through performance of capital repair works;
 - d) Construction of Regional Emergency Hospitals, including through the Operational Regional Program;
 - e) Rehabilitation/modernization/extension: county hospitals - at least 15; specialty ambulatories - at least 150, ER - at least 25, Medical and social integrated community centers;
- Integrated medical and social community centers to benefit over 270,000 people.

Investments in hospital infrastructure will be aligned to the functions and roles played by the different sections of the hospital system in Romania, based on the revision of the network of strategic hospitals made by the Ministry of Health.

- Project 2. **Equipping the medical units with medical devices, specific medical equipment and means of transport (ambulances, etc.)**, with the sub-projects:

- a. Equipping public hospitals with medical devices/equipment;
- b. Equipping with specific medical means of transport (ambulances, helicopters, etc.);
- c. Equipping the cabinets of family physicians;
- d. Development of regional or national remote-medicine centers according to specialty.

The performance of these two main projects and of their corresponding sub-projects has the purpose of ensuring performing medical services for the population, which would cover its needs and be comparable with those currently offered by the providers of services of the same type from the Member States of the European Union.

Through the investment program presented as appendix to the budget of the Ministry of Health are mainly financed expenditures of the type of investments in the medical units from the medical network of the Ministry of Health. As a result of decentralization, by passing 370 hospitals to local authorities, a significant component in the financing of investment expenditures is represented by transfers from the budget of the Ministry of Health to the budgets of the local public administration authorities to finance investment expenditures in the hospitals from their medical network, which can receive such funds in accordance with the provisions of art. 198 para. (1), (2), and (3) in Law no. 95/2006 on the reform in the health field, republished as subsequently amended and supplemented, but which are not mentioned in the investment program attached to the budget of the Ministry of Health.

The Ministry of Health intends to introduce certain transparent and objective criteria to prioritize public investments financed from its budget, and shall make an active monitoring of the mechanisms of implementation thereof.

Policy in the field of regional development and public administration

The Ministry of Regional Development and Public Administration (MRDPA), together with the line ministries, carries out the government policy in the following fields: regional development, territorial cohesion and development, cross-border, cross-nation and interregional cooperation, discipline in constructions, territory arrangement, urbanism and architecture, arrangement of the marine area, urban mobility, living, housing, residential buildings, thermal rehabilitation of buildings, real estate and urban management and development, public works, constructions, decentralization, administrative-territorial reform and reorganization, fiscality and local public finance, development of community services of public utilities, State aid approved by the local public administration authorities, industrial parks, programming, coordination, monitoring, and control of the use of non-reimbursable financial assistance given to Romania by the European Union for the programs in its fields of activity.

Policy in the field of regional development and public administration:

- Regional development (Territorial Development and Cooperation, Public Works, Cadaster and Land Registration);
- Public Administration;
- European Funds for the programs in its fields of activity;
- Performing management.

Strategic priorities:

The strategic priorities of the MRDPA are the following:

- A. Economic and social cohesion at national level, through balanced and sustainable regional development of the territory and capitalization on the potential of European territorial cooperation;
- B. Efficient public administration;
- C. Increasing the degree of absorption of non-reimbursable funds;
- D. Strengthening the administrative capacity of the MRDPA (the organizational management component and the legislative component).

Lines of action, targets and objectives proposed, measures of implementation of the objectives, programs, and projects considered for 2019-2021:

Line of action	Regional development (Territorial Development and Cooperation, Public Works, Cadaster and Land Registration) The regional development policy is financed from European funds and from the national budget.
a)	<u>Regional development and European territorial cooperation</u> The regional development policy, implemented through POR 2014-2020, has as main objective to increase the economic competitiveness and improve the living conditions of the local and regional community through support for the development of the business environment, of the infrastructure conditions and services, which would ensure a sustainable development of the regions, capable of efficiently managing resources, capitalizing their potential for innovation and assimilation of the technological progress.

	<p>The main actions that can be targeted by the regional policies are: technological transfer, SME competitiveness, energy efficiency, sustainable and integrated city development, cultural patrimony, road transport infrastructure, tourism, social infrastructure (health, social services, education), supporting the regeneration of disfavored urban areas, cadaster in the rural environment.</p> <p>b) <u>Public works, housing, constructions</u></p> <p>In order to ensure a cohesive and competitive territorial development, through specific policies in this field, the ministry manages development programs and projects of national, regional, and local interest regarding the construction of houses, the thermal rehabilitation of buildings, the reduction of seismic vulnerability of constructions, the technical and urban infrastructure of the water supply and sewerage service and/or of the service of thermal energy supply for localities, the road infrastructure of local and county interest in the villages, communes, cities, municipalities, counties, as well as the road infrastructure which ensures the connections between them, the social-cultural and sports infrastructure, urbanism, real estate - urban information system and integrated urban and territorial data banks.</p> <p>One of the measures is represented by the Assurance of the minimum package of public services in each locality from the rural area - 10 S (ten services). For the period 2019-2021 it was established to define and ensure from the State budget/non-reimbursable funds the amounts necessary to implement the minimum package of public services in every locality. The 10 services are: health; education; water - sewerage; thermal energy; electricity; transport, roads; sanitation; culture; cults; sports; housing.</p>
<p>General target/objective ➤</p>	<p>Increasing economic and social cohesion at national level, through balanced and sustainable regional development of the territory, as well as improvement of cross-border, cross-nation and interregional cooperation;</p>
<p>1. Specific objectives/Implementation measures for the period 2019-2021.</p>	<p>Ensuring the strategic and regulatory framework for the sector policies and strategies in the field of regional development, public works, and European territorial cooperation</p> <p>Developing operational territory management tools</p> <p>Improving the monitoring and control activity of the market of community services of public utility and assurance of EU quality standards</p> <p>Territory development through efficient and effective implementation of investment programs financed from Community, or national funds and other legally established sources</p>
<p>Priority programs/projects for 2019-2021</p>	<p>In the field of regional development, the priority measures are:</p> <ul style="list-style-type: none"> ▪ to complete the program implementation documents for the programs managed by the ministry (applicant guides, State aid/de minimis aid schemes, completion of procedures, etc.); ▪ to approve Romania's National strategy for territory development and start

the implementation of the policies and programs derived from it;

- to implement the Integrated sustainable development strategy of the Danube Delta and implement it through an Integrated territorial investment;
- a coherent revision correlated with the legislation in the field of territory arrangement, urbanism, constructions, public works, according to the strategy related to good regulation;
- to develop operational territory management tools - the measure targets the National Agency for Cadaster and Land Registration and refers to the Development of the national system of property registration.

CADASTRE AND LAND REGISTRATION - National Agency for Cadaster and Land Registration (ANCPI):

- **The National Program of Cadaster and Land Book** - Through approval of Emergency Ordinance no. 35/June 28, 2016 amending and supplementing the Law on cadaster and land registration no. 7/1996 was introduced **financing/co-financing by the ANCPI of the works of systematic registration started by the administrative-territorial units**, implemented at the level of cadaster sectors inside the built-up area and outside the built-up area for the administrative-territorial units which do not have areas outside the built-up area, under conditions expressly provided by law.

- **Continuance the contracts from the Pilot project of systematic registration of real estate**

Expected result: Registration of selected rural properties in the Integrated Information System of Cadaster and Land Registration.

The status of systematic registration on this date is the following:

- **works of systematic registration were completed** in:

57 ATUs in 20 counties, entirely, being registered for free a number of **529,502** real estate with a corresponding area of **348,981.95** ha;

2,982 cadaster sectors in 862 ATUs, being registered for free a number of **523,402** real estate with a corresponding area of **348,981.95** ha;

- **the procedures necessary for the works of systematic registration are in progress/initiated** in:

- **181 ATUs** of 41 counties, in the entire ATU;
- **12,575 cadaster sectors of 1,479 ATUs (financing for 2017-2019);**
- **12,404 cadaster sectors of 1,599 ATUs (financing for 2018-2019).**
- **1,209 cadaster sectors of 185 ATUs (financing for 2018-2020).**

- - **POR 2014-2020, Priority axis 11 - Geographical extension of the system of property registration in the cadaster and land book:** This investment priority will be implemented through a major project which proposes to contribute to rural economic growth, to support economic and social growth, to facilitate infrastructure development and to promote inclusion through an extension of the coverage of registrations related to real estate rights in Romania's rural areas. ANCPI has concluded Financing Agreement no. 3250/September 26, 2018

	<p>for the Major Project - Code MySMIS 120063, with the Ministry of Regional Development and Public Administration (MRDPA), together with 7 interim bodies organized in Romania's development regions.</p> <p>Objectives of PNCCF 2015 - 2023: Completion of the registration at national level in the Integrated System of Cadaster and Land Book of all real estate.</p> <p>Projects financed from external non-reimbursable funds:</p> <ol style="list-style-type: none"> 1) Consolidating the institutional capacity of the National Agency for Cadaster and Land Registration in order to implement the programs, reform the legislative framework and increase the quality of supplied services; 2) Development and introduction of the document and flow management instruments and standards in order to optimize the processes directed at the citizens and the business environment; 3) Geographical information for the environment, climate change and EU integration LAKI III; 4) Major project of "Increasing the degree of coverage and inclusion of the property registration system in the rural areas of Romania", Axis 11 - Geographical extension of the system of property registration in the cadaster and land book from POR 2014-2020. 5) VOLTA project - innovation in the geospatial and 3D data/Experience exchange in the field of research and innovation <p>The period of performance of the project is 2017-2020; it is a project with 100% European financing. The VOLTA project intends to design and validate innovative methodologies for the processing and manipulation of 3D geo-spatial data in order to support practical applications for the approaches of photogrammetrical mapping. For this purpose, the scientific and technical (S&T) objectives of VOLTA are closely related to methods of territory mapping, monitoring and management.</p> <p>The consortium is fully convinced of the potential and innovation of the VOLTA project for the scientific community and for society in general, given the fact that the geo-spatial data and the spatial analyses are essential ingredients for the creation of a sustainable future. The creation of networks, exchange of knowledge and formation of teams between countries and working environments will guarantee the provision of innovative geo-spatial methodologies and will stimulate mutual understanding and know-how of the scientists and of the professionals with a huge advantage for cultural growth, social wellbeing and the geo-spatial market.</p> <p>Work packages (WP):</p> <ul style="list-style-type: none"> WP1 - Project coordination and management WP2 - Photogrammetry/mapping automation WP3 - Data/sensor integration and merger WP4 - Segmentation and semantic enrichment of geo-spatial data WP5 - Web geo-processing services WP6 - Dissemination and communication WP7 - Transfer of knowledge, training, and networking
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6) The cross-nation project MOON - Mobility thrOught educationN in geo-spatial data.

The implementation period of the M.O.O.N. project is of 48 months, starting from the date to be approved for the beginning of implementation. The topic promoted by the project represents international and inter-sector collaboration through exchange of knowledge and ideas and supporting the development of the knowledge based economy and consolidating the connection between the systems of education and training systems and the labor market.

The main activities proposed by CNC are:

- CNC A1. Curriculum development - theoretical approach
- CNC A2. Curriculum development - applicative approach - case studies
- CNC A3. Workshops for knowledge transfer - professors from universities of profile and CNC experts from the university and the profile institution from the donor country
- CNC A4. Workshops for knowledge transfer - professors from universities of profile and CNC experts from the partner universities and profile institutions
- CNC A5. Project contests for students - consulting
- CNC A6. Study trips (for the students who won the project contests)
- CNC A7. Study trips for experimentation of the UAV equipment - professors from universities of profile, CNC experts and students - USAMV Banat
- CNC A8. Establishing a Center for Geo-spatial Knowledge Transfer - MOON (to be read, "Center of Excellence") - a functional department in the CNC
- CNC A9. Exchange of knowledge between similar institutions - for the CNC experts
- CNC A10. Train the trainers - CNC experts
- CNC A11. Participating to the awareness campaign and to information dissemination

Fields of activity specific for the CNC which can represent topics for the curricula:

- Creation and maintenance of the National Gravimetric Network, the National Leveling Network, and the National Geodesic Network.
- Collecting gravimetric data to determine a new model of quasigeoid and improve the digital model for Romania.
- Collecting geo-spatial data and receiving the data obtained through scanning with airborne sensors (LiDAR) and air photography. Data receipt.
- Processing the collected geo-spatial data and processing the received data in order to make the projects incumbent upon the CNC (creating the digital model of the land - DTM and DSM - with resolution bigger than 1m, classification and segmenting of 2D and 3D data in order to make the topographic plan and the basic digital topographic plan for Romania - TopRo5)
- Transforming the geo-spatial data obtained from the database into digital maps at different scales.
- Creation and update of a digital library of conventional signs, editing an Atlas

of conventional signs corresponding to the plans for larger scales (1:500 up to 1:5000)

- Verification of the quality of specialty works

Performance and update of methodologies, technical specifications, technological norms and standards for the specialty works

HOUSING

- The program of construction of social housing carried out on the basis of the provisions of the Housing law no. 114/1996

Purpose: construction of social housing. The objective sought is to ensure decent living conditions for the disadvantaged social categories;

Objectives for 2018-2021:

- over 1254 apartments in different stages of execution are proposed for financing, of which it is estimated that in 2018 will be completed approximately 202 apartments.

- the Program regarding the construction of social housing dedicated to tenants that have been evacuated from the houses given back to old owners, carried out in accordance with GEO 74/2007

Program status for 2018: 286 living units are in process of execution, and 48 living units shall be received by the end of 2018. No requests have been registered for the introduction of new objectives.

Objectives for 2019: in 2019 shall be received 238 living units.

- **The program of saving and crediting in collective system for the annual rental field,** in accordance with GEO no. 99/2006
- **The pilot program for construction of social houses for the Roma communities:** it is an experimental component of the program of social inclusion in Romania and considers the implementation of projects for the construction of social houses in the 8 development regions of Romania, in locations established by the MRDPA together with the local public administration authorities and the National Agency for the Roma.

Program status in 2018: 84 living units are in process of execution, and 42 living units shall be received by the end of 2018.

Objectives for 2019: in 2019 shall be promoted and started the execution works for 21 houses. The execution works shall be continued for 63 houses, which shall be completed by the end of 2019.

- **The Program of construction of houses for the youth, dedicated to renting:** this program considers the construction of houses dedicated to the youth whose revenues do not allow them access to a house under market conditions, at the same time building a housing fund at local level in order to ensure mobility for young specialists between localities in the entire country. This action can stimulate the young generation to work in Romania, thus

limiting the migration of specialists to other countries.

Program status for 2018: As of January 1, 2018 are carried out works of construction-assembly for 2,368 living units, of which 304 l.u. have been received so far. Approximately 541 l.u. shall be received by the end of the year.

Objectives for 2019: In 2019 shall be promoted and started the execution works for approximately 3,800 houses. The execution works shall be continued for 1,300 houses, of which approximately 700 l.u. shall be completed.

- **the Program of construction of service homes, through the National Housing Agency, in accordance with the provisions of GD no. 719/2016 approving the program of "Construction of service homes"**

Program status for 2018: 79 living units are in promotion until this date (the documentations for transmission of the land plot for free use by the ANL in order to start the investments are in process of completion) and for 419 living units shall be started the procedures of elaboration of the technical and economic documentation.

Objectives for 2019: In 2019 shall be promoted 700 living units, of which the execution works shall be started for approximately 498 living units.

- **The annual program of actions regarding the design and execution of intervention works for reducing the seismic risk at constructions to be used as multi-storey home, classified through technical expertise report in class I of seismic risk and which pose public danger, according to GO no. 20/1994, republished.**

Program status for 2018: The program included 40 real estate in order to execute the intervention works and 53 real estate for the design of intervention works.

Objectives for 2019:

- completing the execution of consolidation works for 15 residential buildings;
- continued execution of the consolidation works for 23 residential buildings;
- starting the execution of the consolidation works for 26 residential buildings;
- completing the design of consolidation works for 31 residential buildings;
- starting the elaboration of the design of consolidation works for 50 residential buildings.

INFRASTRUCTURE

- The Ministry of Regional Development and Public Administration (MRDPA) coordinates and finances the **National Local Development Program (NLDP)** approved through Emergency Ordinance no. 28 of April 10, 2013, as subsequently amended and supplemented, a multi-annual financing program.

The general objective of the program is to equip the administrative-territorial units with equipment of the type of technical and urban, educational infrastructure, health and environment, sports, social-cultural and tourism, administrative and of access to the means of communication in order to ensure an attractive investment climate for Romania's localities.

Status of the objectives in 2018:

- financing of the 2,442 investment objectives in process of execution, out of the 4,528 objectives included in the first stage of the Program and addition of the multi-annual agreements for 2015-2018, as applicable and in accordance with the requests of the beneficiaries, in order to extend the validity term for assurance of financing until completion;
- financing the 7,011 investment objectives included in Stage II of the NLDP (2017-2020);
- continued reallocation of commitment credits left unused after the conclusion of the financing agreements for the investment objectives included in stage II of the NLDP for financing of the investment objectives for which requests were submitted within the legal term, in 2017, which were included in the specialty analysis and for which no funds were allocated due to the absence of commitment credits. (according to the provisions of GEO no. 90/2017).

Objectives for 2019-2020:

- including in the National Local Development Program, Stage II, of up to 9500 investment objectives, of which at most 2500 nurseries and kindergartens and at most 2000 schools;
 - allocation between 2017 and 2020 of 30,000,000,000 Lei for the execution of the up to 9500 objectives financed through the Program;
 - For 2019 it is estimated that up to 1280 investment objectives included in the National Local Development Program, Stage I, will be completed.
 - Continued financing until completion, according to financing agreements, for the investment objectives of the NLDP, stage I - period up to December 31, 2020, estimating that 2442 investment objectives will be completed;
 - continued financing of the investment objectives, according to financing agreements, for the investment objectives of the NLDP, stage II - period 2017- 2020, estimating that 550 investment objectives will be completed in 2019.
- **Program - "Integrated system of rehabilitation of water supply and sewerage systems, as well as of potable water and used water treatment stations in localities whose population is of up to 50,000 residents"** approved through Law no. 224/2007 - In 2018 was continued the execution of 11 investment objectives included for financing,

Objective for 2019: the execution and completion of 5 investment objectives included in the financing will be continued.

- **The national program of constructions of public or social interest carried out on the basis of Annex 3 in GO no. 25/2001 on the incorporation of the National Investment Company “N.I.C.” - S.A., approved as amended and supplemented through Law no. 117/2002, as subsequently amended and supplemented, annex introduced through GO no. 16/2014, with the following sub-programs: Gyms; Sports complexes; Swimming pools; Cultural settlements; Rehabilitation of blocks of flats located in localities from disadvantaged areas; Medical units in the urban area; Artificial skating rinks; Cinemas; State-owned higher education institutions; First emergency works; Student dormitories; Investments in the justice infrastructure.**

Program status for 2018:

- 267 objectives in execution;
- 132 objectives in procurement;
- 79 objectives with technical and economic indicators approved for which the public procurement procedures shall be started;

Objectives for 2019:

- continuance of the works for 281 investment objectives in different stages of execution at December 31, 2018;
- completion of public procurement procedures for 144 investment objectives in different stages of the procedure;
- initiation of public procurement procedures for 82 investment objectives with the technical and economic indicators approved and undergoing the public investment program;
- continuance of the procedures of approval of the technical and economic indicators for a number of 562 investment objectives whose documentations are in process of verification on this date.

- **The national program on increasing energy performance of residential buildings**

Objectives for 2018-2020: in 2019 are proposed for financing approximately 12,519 apartments in different stages of execution.

- **Program “Heating for 2006-2020, heat and comfort”**

Objective: modernization of the infrastructure that corresponds to the public service of heat supply of the localities and improving energy efficiency;

Results obtained: in 2008-2017 were established 163 investment objectives promoted by 47 administrative-territorial units, the energy efficiency obtained as a result of the commissioning of the completed objectives is of 29,853 toe/year;

Estimated results between 2019 and 2021: financing of approximately 25 investment objectives proposed by 18 beneficiary administrative-territorial units

- **the Program of elaboration and/or update of the general urban plans and of the local urban regulations (annual program)**

Legal framework:

. Law no. 350/2001 on territory arrangement and urbanism, as subsequently amended and supplemented, of Order of the MRDPA no. 233/2016 approving the Methodological norms of enforcement of Law no. 350/2001 on territory arrangement and urbanism and of elaboration and update of urbanism documentations and

HG no. 525/1996 approving the general urbanism regulation, as subsequently amended and supplemented;

Financing sources

State budget,

local budget of the beneficiary administrative-territorial units;

Overview:

Supporting local public authorities in the process of elaboration/update of general urban plans, so as to ensure the sustainable territorial development framework of localities from Romania.

Purpose

Support for implementation of development programs of localities, the basic instrument for achieving local discipline

Program status for 2018:

In 2018 are proposed for financing 908 ATUs of the 39 County Councils which concluded financing agreements in 2018 for the elaboration/update of the GUP and the LUR.

Objectives for 2019:

- Transformation into a multi-annual program,
- This measure ensures predictability of the funds for the local public authorities, encouraging local public authorities to update the urbanism documentations (and to conclude agreements with the economic operators). Also, this measure makes more efficient the manner of implementation of the program (it is no longer necessary to repeat on a yearly basis the activities of transmission of requests, of establishment of financing priorities, of contracting)
- Elaboration of the procedures in electronic form
- Through the implementation of the financing program through a software it is ensured improved efficiency, monitoring, and transparency.
- Constant allocation of a budget relative to requests from the territory
- Elaboration of a database and correlation of the process of endorsement of TA and U documentations established in accordance with the provisions of Law no. 350/2001 on territory arrangement and urbanism, as subsequently amended and supplemented.
- Updating the methodology of elaboration of general urban plans so as to establish the elaboration of urbanism documentations in digital form and

data inter-operability.

- Program of elaboration of maps of natural risk for earthquakes and land slides

Legal framework

Law no. 575/2001 approving the National territory arrangement plan - Section V - natural risk areas,

Government Decision no. 447/2003 approving the methodological norms on the manner of elaboration and the content of maps of natural risk for landslides and floods

Government Decision no. 932/2007 approving the Methodology of financing from the State budget of maps of natural risk for earthquakes and landslides;

Financing sources:

Co-financing up to 50% from allocations from the State budget, within the limit of the funds approved yearly with this destination in the budget of the Ministry of Regional Development and Public Administration, and the difference from the budget of county councils which is required to provide the funds necessary for financing maps of natural risk.

Overview:

Geographical delimitation of the territories inside which there is a potential of occurrence of destructive natural phenomena, which might affect the population, human activities, the natural environment and the constructed environment and might cause damages and human victims.

Program status for 2018:

Number of agreements elaborated with the county councils - 4 agreements

Objectives for 2019

Transformation into a multi-annual program,

- Sustainable territory development - through substantiation of the conditions and possibilities of use of the land relative to the requirements of safety against earthquakes and landslides for 20 counties.

Program regarding the Information system specific for the real estate - urban field and urban data banks

Legal framework

Law of cadaster and land registration no. 7/1997, republished; GD no. 521/1997 approving the Methodological norms on the financing of the information system specific for the real estate - urban field and urban data banks, amended and supplemented through GD no. 818/2007, GD no. 893/2008 and GD no. 247/2010; The methodologies of execution of works of introduction of real estate cadaster and urban networks in the localities, approved through Order no. 90/NN/911/CP and Order no. 91/NN/912-CP of June 2, 1997, issued by the Ministry of Public Works and Territory Arrangement and the National Office of Cadaster, Geodesy and Mapping.

Overview

The information system specific for the real estate - urban field and of urban data banks, hereinafter referred to as SISDIEBDU, is the system of record keeping, measurement, inventory, management and systematic update of all real estate and urban networks from inside the built-up area of localities, in technical and economic terms, under observance of basic data from the general cadaster, regarding area, category of use and owner.

Financing sources: State budget, local budget of the beneficiary administrative-territorial units;

Objectives for 2019:

- Transformation into a multi-annual program,
- Supporting the local public administration authorities in the processes of planning and control of development through assurance of financing for 1500 ATUs, as well as the need to elaborate urban data banks so as to ensure a coherent development of the localities from Romania.

REGIONAL DEVELOPMENT - POR

THE REGIONAL OPERATIONAL PROGRAM (POR) FOR 2014-2020 - Regarding the POR for 2014-2020, it was approved by the EC on June 23, 2015.

The total budget of POR for 2014-2020 is of 8.38 billion EUR

The general objective of POR for 2014-2020 is to increase the economic competitiveness and improve the living conditions of the local and regional community through support for the development of the business environment, of the infrastructure conditions and services, which would ensure a sustainable development of the regions, capable of efficiently managing resources, capitalizing their potential for innovation and assimilation of the technological progress.

OPERATIONAL PROGRAM INITIATIVE FOR SMEs (POIIMM) was

included as priority axis in the POR, through the decision of the EC of amendment of the POR adopted in October 2018.

EUROPEAN TERRITORIAL COOPERATION

The cooperation programs that correspond to the period 2014-2020:

Cooperation programs that correspond to the cohesion policy of the EU, financed from the ERDF:

- Interreg V-A Romania -Bulgaria Program - acting as Management Authority
- Interreg V-A Romania -Hungary Program - acting as Management Authority
- Cross-nation program Danube - acting as National Authority
- Inter-regional cooperation program INTERREG EUROPE - acting as National Authority
- Inter-regional cooperation program URBACT III - acting as National Authority
- Inter-regional cooperation program INTERACT III - acting as National Authority

	<ul style="list-style-type: none"> ▪ Inter-regional cooperation program ESPON 2020 - acting as National Authority <p><u>Cooperation programs that corresponds to the policy of extension of the EU, financed from the IPA:</u></p> <p>INTERREG IPA program of cross-border cooperation Romania -Serbia - acting as Management Authority.</p> <p><u>Cooperation programs that correspond to the neighboring policy of the EU, financed from the ENI:</u></p> <ul style="list-style-type: none"> ▪ Romania - Ukraine Common Operational Program for 2014-2020 - acting as Management Authority ▪ Romania - the Republic of Moldova Common Operational Program for 2014-2020 - acting as Management Authority ▪ Black Sea Basin Common Operational Program for 2014-2020 - acting as Management Authority ▪ ENI Cross-border Cooperation Program Hungary - Slovakia - Romania - Ukraine for 2014-2020 - acting as National Authority
Line of action	<p>Public Administration</p> <p>In its capacity as responsible for the coordination of the process of reform and modernization of the Romanian public administration, through the specialty structures with competences in the field, the ministry acts in the major directions:</p> <ul style="list-style-type: none"> ● increasing/consolidating the capacity of the public administration, in accordance with the provisions of the Strategy for Consolidation of the Public Administration for 2014-2020 for it to be able to respond as efficiently as possible to the continuously growing needs of society as a whole, as well as to those corresponding to a specific category of beneficiaries (citizens, the business environment, etc.).
General target/objective	<ul style="list-style-type: none"> ➤ Increasing the efficiency of the Romanian public administration and its receptivity to citizen needs ➤ To contribute to reducing the economic and social disparities between Romania and the more developed countries in the extended European Union (EU) and/or to contribute to reducing the economic and social disparities in Romania, between the dynamic urban centers and the peripheral regions which are weak in structural terms.
Specific objectives/Implementation measures for the period 2019-2021	<p>1.Implementation of the actions for which the MRDPA is responsible from the Strategy of Consolidation of the Public Administration for 2014-2020 (SCAP 2014-2020)</p> <p>The measures included in this objective refer to:</p> <ul style="list-style-type: none"> ▪ The implementation of the actions that correspond to the criteria of the ex-ante condition imposed by the European Commission for OT 11 -

	<p>“Consolidating the institutional capacity and an efficient public administration” in the context of scheduling of European funds for 2014-2020: simplification and rationalization of administrative procedures for the citizens, and promotion of quality management, implementation of strategies and policies regarding human resources which would cover the main gaps identified in this field, developing competences at all levels of the professional hierarchy from the public authorities;</p> <ul style="list-style-type: none"> ▪ Systematization/coding of the public administration legislation. Elaboration of the draft Administrative Code and Administrative Procedure Code; ▪ Consolidating the framework for increasing the quality of public services and for supporting local development, in accordance with the provisions of SCAP and which contributes to reaching the Specific Objective 1.1 of the Operational Program of Administrative Capacity for 2014-2020, respectively <i>Development and introduction of common systems and standards in the public administration which optimize the decisional processes oriented towards the citizens and the business environment, in accordance with the SCAP.</i> <p>2. Consolidating the administrative and financial capacity of the administrative-territorial units</p> <p>The measures included in this objective refer to: technical assistance in the decentralization process; consolidating the financial capacity in the public administration; financing programs that correspond to the public administration field.</p>
<p>Priority programs/projects for 2019-2021</p>	<p><u>Main expected results - with regard to the specific objective (SO) 1</u></p> <ul style="list-style-type: none"> ▪ Mechanism for assessment of the impact of simplification measures, ▪ Implementation of the actions under the responsibility of the MRDPA from the Action plan for implementation of quality management, ▪ Monitoring mechanism of the use of quality management systems and instruments in public administration, ▪ Implementing the actions under the responsibility of the MRDPA from the Strategy of development of the public administration for 2016-2020, approved through GD no. 525/2016 ▪ Implementing the actions under the responsibility of the MRDPA from the Strategy of professional training in public administration for the period 2016-2020, approved through GD no. 650/2016, ▪ Analysis of the public services supplied/provided by the public administration, ▪ Proposals of quality and cost standards for the decentralized public services, ▪ System of monitoring and assessment of the administrative capacity of the administrative-territorial units and of the decentralized competences, ▪ Elaboration of the draft Administrative Procedure Code, ▪ Elaboration of the code of territory arrangement and urbanism, ▪ Systematization of the technical regulations from the field of constructions, ▪ Creation of the national register of buildings, ▪ Identification of the needs and solutions necessary for the introduction of the

	<p>e-government systems in the field of urbanism and construction authorization,</p> <ul style="list-style-type: none"> • Analysis and monitoring of the territorial impact of investment policies. <p>The measures included in this objective refer to technical assistance in the <u>decentralization process</u>; consolidating the financial capacity in the public administration, as well as financing programs that correspond to the public administration field.</p> <p><u>ADMINISTRATIVE CAPACITY DEVELOPMENT</u></p> <p>MRDPA is the Management Authority for the POCA 2014-2020, a program approved through Decision C(2015) 1290 on February 25, 2015, which seeks to consolidate the administrative capacity of the public authorities and institutions of supporting a modern and competitive economy, approaching challenge 5 “Administration and governance” and challenge 2 “People and society” from Romania’s Partnership Agreement. POCA 2014-2020 ensures continuity of the strategic vision of PODCA 2007-2013 on consolidating the institutional capacity of public authorities and stakeholders and public administration efficiency.</p> <p>The program will be implemented by the end of 2023, benefiting of a total budget of 658.29 million EUR, of which 553.19 million EUR are EU support, through the European Social Fund, respectively approximately 105.10 million EUR are national contribution, ensured from national public funds (State budget, local budgets).</p>
Line of action	<p>European funds</p> <p>The European Funds Strategic Line refers to:</p> <ul style="list-style-type: none"> - Structural and Cohesion Funds - European Structural and Investment Funds - CFM 2014-2020 - PHARE
General target/objective	<p><u>Improving the absorption and efficient management of European Funds</u></p>
Specific objectives/Implementation measures for the period 2019-2021	<p>Planned measures for the implementation of European Funds</p> <p>With regard to the measures of acceleration of funds’ absorption, special focus will be placed on the following:</p> <ol style="list-style-type: none"> 1. Short assessment times for the submitted projects and fast signing of financing agreements. 2. Payment without delay of the beneficiaries’ invoices, through the creation of a transparent invoice monitoring mechanism, as of the time of submission and until the payment thereof by the Management Authorities. 3. Analysis of each operational program and reallocation of funds to the sectors with maximum absorption potential both within and between the operational programs, in order to avoid the risk of disengagement of funds allocated to Romania. 4. Measures of simplification and avoidance of many procedures and excessive bureaucracy through simplification of the guidelines for the applicants,

	<p>operationalization of SMIS 2014+, simplification of the procurement procedures for private beneficiaries, introduction of simplified cost options, of flat rates and standards for the unitary costs in the national and regional norms related to eligibility, simplification of the procedures for construction permits.</p> <ol style="list-style-type: none"> 5. Improving the administrative system and the capacity of absorption of these funds. 6. Using the financial instruments and territorial instruments. 7. Simplifying the legislation corresponding to the promotion and approval of investment projects in Romania. 8. Stimulating the exchange of good practices in the implementation of mechanisms of increasing the absorption of European funds with other EU Member States. 9. Periodical consulting of the stakeholders through consolidation of the decisional structures from the monitoring committees and the CCMAP.
Line of action	<p>Performing activity management</p> <p>MRDPA has an operational administrative section to ensure the administration of the institution's administration in a manner as efficient and effective as possible. At the same time, it is based on the standard management principles - corresponding to the Internal Management Control System (SCIM), introduced in the institution ever since 2006.</p> <p>Also, in the following period, in order to make more efficient the activity of the MRDPA, it is considered even to implement modern management instruments (ISO 9001, CAF), and to consolidate the SCIM.</p>
General target/objective	Strengthening the MRDPA's administrative capacity
Specific objectives/Implementation measures for the period 2019-2021	<p>Efficient and effective allocation of financial, human, logistics resources</p> <p>Improving transparency and the decisional process</p> <p>Ensuring the framework of prevention, monitoring, and control</p>
Priority programs/projects for 2019-2021	<ol style="list-style-type: none"> 1. “Consolidating the integrity systems - the best strategy of prevention of corruption in public administration” (a project co-financed from the ESF through POCA for 2014-2020). The purpose of the project is to consolidate the integrity in the MDRAPFE, of the structures subordinated to it/under its authority, as well as at the level of the local public administration authorities, through the development, promotion and use of specific instruments to prevent corruption. 2. “Quality, standards, performance - the assumptions of an efficient management in the Ministry of Regional Development and Public Administration” (project co-financed from the ESF through POCA for 2014-

2020). The purpose of the project is to make more efficient the activity of the MRDPA and of the institutions subordinate thereto/under the authority of the MRDPA through the implementation of quality management standards and instruments: ISO 9001:2015, ISO 37001:2016, and of a self-assessment system of CAF type.

3. **“Consolidating the implementation of the internal management control system at central and local level”** (project co-financed from the ESF through POCA for 2014-2020 whose beneficiary is the General Secretariat of the Government and the MRDPA is a partner).

Policy in the field of agriculture and rural development

A. NATIONAL RURAL DEVELOPMENT PROGRAM (PNDR)

The National Rural Development Program for 2014-2020 was adopted by the European Commission through the Commission’s Implementation Decision no. 3508 of May 26, 2015 approving the rural development program of Romania for support from the European Agricultural Fund for Rural Development, drawing the priorities of Romania for the use of the approximately 9.5 billion EUR available public funds (8.1 billion EUR from the budget of the EAFRD and 1.4 billion EUR representing national co-financing).

The financial allocation of the PNDR for 2014-2020, distributed on years, is the following:

<i>Million EUR</i>							
2014	2015	2016	2017	2018	2019	2020	TOTAL
0.0	1,723.26	1,751.61	1,186.54	1,184.73	1,141.93	1,139.93	8,128.00

Absorption rate of PNDR for 2014-2020

The value of the payments made from the EAFRD to the beneficiaries of all measures is of 3,173.77 million EUR, to which is added the pre-financing collected in 2015, respectively 2016, from the budget of the EAFRD, in order to ensure the financing necessary to start and implement the Program, amounting to EUR 325.12 million, which leads to a **degree of absorption of EAFRD for 2014-2020 of 43.1%** (according to the expenditure declarations corresponding to years 2016-2018 reimbursed by the European Commission, as well as of the payments made to the beneficiaries between July and October 2018).

Measures of PNDR for 2014-2020 launched

41 (sub)measures/components/schemes are active, of which 34 (sub)measures/components/schemes are implemented by the Agency for Financing of Rural Investments/Management Authority for the PNDR and 6 measures by the Agency of Payments and Intervention for Agriculture, to which is added the measure of strengthening the administrative capacity of the authorities responsible for the implementation of the NRDP, respectively Technical Assistance.

- 3 sub-measures are not launched, and they shall be launched by AFIR/MA PNDR.

- **Following the sessions carried out in the four years of implementation, on a cumulative basis, the number of submitted projects is of 55,339, with a public value of 8,243.33 million EUR.**
- **The number of projects selected for financing is of 29,345 in public value of 4,114.67 million EUR, of which 28,224 projects were contracted, in public value of 3,575.86 million EUR. For these contracts were made payments of a public value of 1,696.49 million EUR.**
- In addition, **22,627 projects with a public value of 435.84 million EUR** (the value left to be paid in order to finalize these contracts) were transferred through the **transition** procedure from the PNDR for 2007-2013 in PNDR for 2014-2020. For these contracts were made payments of a public value of 254.42 million EUR.
- Also, **payments of a public value of 1,511.15 million EUR were made for the measures of compensatory payments per area/animals implemented by APIA**, corresponding to the payment requests submitted in the campaigns carried out in the previous year.
- Within the **support measures** were contracted 9 projects with a public value of 3.90 million EUR - sub-measure 2.1 "Services of counseling for farmers, young farmers, microenterprises, and small enterprises", 79 projects with a public value of 8.70 million EUR.
- The Technical Assistance Measure, 239 projects with a public value of 69.97 million EUR - sub-measure 19.4 "Support for operating and animation expenditures" awarded to GALs. For these contracts were made payments of a public value of 109.64 million EUR.
- In order to facilitate access to capital for the agricultural sector was signed with the **European Investment Fund** a contract with a public value of 93.88 million EUR, which refers to the award of loans for investments under advantageous conditions, being made payments with a public value of 46.94 million EUR.

B. EUROPEAN AGRICULTURAL GUARANTEE FUND (EAGF)

MAIN ACHIEVEMENTS IN THE FIELD OF EAGF EUROPEAN FUNDS IN THE CAMPAIGN OF 2017

The Agency for Payments and Intervention for Agriculture (APIA) operates as a subordinate of the Ministry of Agriculture and Rural Development (MARD) and manages the support schemes awarded to farmers, financed from:

- ✓ EAGF - European Agricultural Guarantee Fund
- ✓ EARDF - European Agriculture and Rural Development Fund (through the measures delegated from PNDR for 2014-2020)
- ✓ NB - National Budget

The Ministry of Agriculture and Rural Development, through the Agency for Payments and Intervention for Agriculture, implements the **European Agricultural Guarantee Fund (EAGF)**.

Transitional national aid - TNA are awarded **in the vegetable and zootechnic fields**, within the limit of budgetary provisions allocated to the Ministry of Agriculture and Rural Development.

EAGF ALLOCATION - DIRECT PAYMENTS

The Delegated regulation (EU) 2015/851 OF THE COMMISSION of March 27, 2015 amending annexes II, III, and VI of the Regulation (EU) no. 1307/2013 of the European Parliament and of the Council establishing certain norms regarding direct payments awarded to farmers through support schemes within the common agricultural policy provides the financial ceiling allocated to Romania from the EAGF for direct payments, as follows:

EAGF allocation - direct payments (EUR)	2015	2016	2017	2018	2019	2020	TOTAL*
	1,599,992,519	1,772,469,112	1,801,335,000	1,912,150,000	1,903,195,000	1,903,195,000	10,892,336,631

*To the aforementioned financial ceilings from the EAGF shall be added those estimated for market and foreign trade measures of approximately 400 million EUR for the period 2015-2020.

The schemes of direct payments financed from the EAGF are the following:

- the scheme of single payment per area;
- the redistributive payment;
- the payment for agricultural practices which are beneficial for the climate and the environment;
- the payment for young farmers;
- the coupled support schemes for the vegetable and zootechnic sectors;
- the simplified scheme for small farmers.

With regard to the 2017 Campaign, the APIA has authorized for payment the amount of **2.636 billion EUR**, which represents a percentage of absorption of **97.5%** from the financial ceiling allocated to Romania in the 2017 Campaign of **1.801 billion EUR**.

The payments are made at the exchange rate of **4.5993 Lei for one EUR**, as set by the Central European Bank on September 29, 2017 and published in the Official Journal of the European Union, series C, no. 329/05 of September 30, 2017.

With regard to the amounts reimbursed by the European Commission in calendar years 2017 and 2018, following the request through the monthly declarations of expenditures (financial years 2017 and 2018), we mention the fact that until this date the European Commission has reimbursed the amount of 3.51 billion EUR.

Financial year	Amount communicated in the EC decision
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	-EUR-
2017	1,772,508,497.61
2018	1,736,792,339.41
Total	3,509,300,837.02

With regard to the Campaign of receipt of single payment requests for year 2018, between March 1 and May 15 of 2018 were submitted at the Agency 867,067 applications for an area of 9,640,942 hectares.

Compared to 2017, it is found a decrease of the number of farmers who submitted single payment requests, namely of 884,397, but an increase of the area for which support was requested, because in 2017 was requested for payment a smaller area, of 9,541,389.

European Agricultural and Rural Development Fund

The Agency for Payments and Intervention in Agriculture implements on the basis of the delegation agreements concluded with the Agency for Financing of Rural Investments (AFIR) the following measures financed from the EARDF:

- **MEASURE 08** - Investments in the development of wooded areas and in the improvement of forest viability - sub-measure 8.1 - Afforestation and creation of wooded areas
- **MEASURE 10** - Agro-environment and climate
- **MEASURE 11** - Ecologic agriculture
- **MEASURE 13** - Payments for areas facing natural restrictions or other specific restrictions
- **MEASURE 14** (former measure 215) - Payments in favor of animal welfare
- **MEASURE 15** - Forestry and environment services, climate services and wood preservation - 15.1 - Payments for forestry and environment commitments
- **Measure 214** - Payments regarding the agricultural environment

EARDF allocation + co-financing from the National Budget: 3.59 billion EUR

Approximately 409 thousand farmers requested support for rural development measures in the 2017 campaign (*one request may refer to several types of payments*).

CEILINGS ALLOCATED FROM THE EARDF FOR THE PROGRAMMING PERIOD 2014-2020 - MEASURES IMPLEMENTED BY APIA BASED ON THE DELEGATION RECEIVED FROM THE AFIR*

MEASURE	Programming period 2014 - 2020	EARDF (EUR)	BN (EUR)	Total (EUR)
8	Investments in the development of wooded areas and in the improvement of forest viability	105,695,160	21,106,472	126,801,632
10	Agro-environment and climate	909,964,916	159,032,069	1,068,996,985
11	Ecologic agriculture	200,686,161	35,011,337	235,697,498
13	Payments for areas facing natural restrictions or other specific restrictions	1,150,796,418	166,798,226	1,317,594,644
14	Animal welfare	687,938,706	88,522,854	776,461,560
15	Forestry and environment services, climate services and wood preservation	58,415,000	11,732,754	70,147,754
	TOTAL	3,113,496,361	482,203,712	3,595,700,073

*The ceilings allocated are compliant with the **National Rural Development Program for 2014-2020 - version 6.1**, officially sent by the European Commission for analysis and approval on June 18, 2018.

From the financial allocation of 3.59 billion EUR, APIA requested through the annual declarations for financial years 2016, 2017, respectively the expenditure declarations corresponding to the period October 16, 2017 - December 31, 2017, and January 1, 2018 - June 30, 2018, the amount of **1.341 billion EUR**.

Financial year	PNDR 2007 – 2013 (EUR)	PNDR 2014 – 2020 (EUR)
2016	97,588,061.91	338,787,633.67
2017		513,783,019.10
2018		488,959,731.10
TOTAL	97,588,061.91	1,341,530,383.87

The situation broken down on measures is as follows:

Financial year	PNDR 2014 – 2020 (EUR)	M10 - Agro-environment and climate (EUR)	M11 - Ecologic agriculture (EUR)	M13 - Payments for areas facing natural restrictions or other specific restrictions (EUR)	M14 - Animal welfare (EUR)
2016	338,787,633.67	41,343,388.88	8,377,434.73	206,971,753.24	82,095,056.82
2017	513,783,019.10	111,652,752.24	30,605,168.56	220,664,570.45	150,860,527.85
2018	488,959,731.10	96,234,954.17	24,270,532.45	214,654,355.87	153,799,888.61
TOTAL	1,341,530,383.87	249,231,095.29	63,253,136.74	642,290,679.56	386,755,473.28

The Agency for Payments and Intervention in Agriculture authorized for payment between October 16, 2017 and October 15, 2018 for the rural development measure in the 2017 Campaign, the total amount of **590.54 million EUR**.

We mention that the payments are made at the foreign exchange rates established by the Central European Bank, as follows:

- 4.5390 Lei for one EUR, established by the Central European Bank on December 30, 2016 and published in the Official Journal of the European Union, series C, no. 491/01 of December 31, 2016, for the payments financed from the EARDF (European Agricultural and Rural Development Fund);

C. EUROPEAN MARITIME AND FISHERIES FUND

Annual financial allocation from EMFF:

Allocation year	Main allocation from EMFF	Maximum corresponding contribution from the National budget	Deadline year for spending of the allocation
2015	46,465,937.00	15,488,645.67	2018
2016	23,594,150.00	7,864,716.67	2019
2017	23,976,562.00	7,992,187.33	2020
2018	24,534,471.00	8,178,157.00	2021
2019	24,702,232.00	8,234,077.33	2022
2020	25,148,019.00	7,529,926.50	2023
Total	168,421,371	55,287,710.5	

Budget commitments on October 22, 2018:

FINANCING AGREEMENTS WITH THE BENEFICIARIES: 168

Total eligible value from the FINANCING AGREEMENTS WITH THE BENEFICIARIES: Lei 518,394,414.40

Value of non-reimbursable contribution from the FINANCING AGREEMENTS WITH THE BENEFICIARIES: 374,199,886.84 Lei (of which EU contribution: Lei 283,240,145.47)

of which:

- Terminated agreements: 4

Total eligible value of terminated agreements: 7,631,347.46 Lei (of which EU contribution: Lei 3,793,531.70)

- Completed agreements: 75

Total eligible value of completed agreements: 140,336,820.91 Lei (of which EU contribution: Lei 94,943,989.97)

- Agreements under implementation: 89

Total eligible value of agreements under implementation: Lei 370,426,246.02

Degree of commitment of the allocated amounts = 35.82%.

Payments to beneficiaries as of October 22, 2018:

Pre-financing (Lei)		Reimbursements (Lei)		Total (Lei)	Payment installment for the beneficiary %
EU contribution	National contribution	EU contribution	National contribution		
6,590,268.20	2,196,756.07	140,795,733.59	46,931,911.20	196,254,669.05	18.78

Amounts collected from the EC

Pre-financing received from the EC = 10,464,336.01 EUR.

Expenditures declared by the MA to the CA (EUR)		Expenditures certified by the CPA (EUR)		Reimbursement from the EC (EUR)	Effective absorption rate (%)
Public value	EU contribution	Public value	EU contribution		
36,417,226.92	27,312,920.19	25,900,639.02	19,425,479.27	17,482,931.30	12.35

The transformation of the amounts from Lei into EUR in this document was made at the INFOEURO exchange rate corresponding to the month of OCTOBER 2018: 1 EUR = 4.6701 Lei

D. MEASURES FINANCED FROM THE NATIONAL BUDGET ON THE VEGETABLES, ZOOTECHNICAL AND RESEARCH SECTORS

- National transitional aid (NTA) in the vegetable and zoo-technical sector, with the purpose of increasing revenues for agricultural producers.

The maximum ceilings (thousand EUR) are presented in the table below:

Specification	2018	2019	2020	2021
NTA 1 - payment decoupled on area	110891.950	102361.80 0	93831.650	85301.500
NTA 2, 3 - payment decoupled on flax and heap for fiber	7.150	6.600	6.050	5,500
NTA 4 - payment decoupled for tobacco	1656.200	1656.200	1656.200	1656.200
NTA 5 - payment decoupled for hop	109.200	100.800	92.400	84.000
NTA 6 - payment decoupled for sugar cane	1970.150	1818.600	1667.050	1515.500
NTA 7 - cow's milk - payment decoupled by production	24081.200	22228.800	20376.400	18524.000
NTA 8 - beef and veal - payment decoupled by production	101201.100	93416.400	85631.700	77847.000
NTA 9 - female sheep and goats - payment coupled by production	50783.850	46877.400	42970.950	39064.500

- State aid for procurement of diesel with reduced excise duty - 1.7385 Lei shall be given per liter of diesel used in performing the mechanized works in agriculture, respectively in the vegetable, zoo-technical sectors and land improvement.
- **State aid in the field of animal breeding, in order to improve the genetic quality** of livestock and implicitly the production potential in animal breeds which have improvement programs established. Benefits approximately 20 thousand farms.
- **State aid for neutralization of animal waste**

→ **De minimis aid for implementation of the support program for the product "tomatoes in protected areas"** - 3,000 EUR/beneficiary/year are given to the farmers with at least 1,000 sq.m., who obtain at least 2 kg/sq.m. And trade their production between January and June 15, inclusive, and/or November - December 20, inclusive.

Approximately 8,000 farmers benefited of this program in 2017, the amount paid being of 108201 thousand Lei. Approximately 16,200 farmers registered for the program until October 15, 2018. The amount paid in cycle I for 10,946 farmers is of 151,031,813.40 Lei.

- **De minimis aid for implementation of the support program for pig breeders from the Bazna and Mangalita breeds in order to produce pork** - amount of 250 Lei/head
- **De minimis aid for implementation of the support program for sheep breeders for trading of wool** - 1 Leu/kg

Approximately 32,300 beneficiaries are registered in the program in 2018, the estimated quantity of wool being of 23 thousand tons.

→ **Support program for the reproduction, incubation and breeding activity in the poultry sector - State aid scheme**

The program seeks to maintain the stocks of poultry, to ensure products from domestic production, to increase the farmers' interest for poultry breeding.

→ **Support program for swine breeders for the reproduction activity - State aid scheme**

The program seeks to maintain the stocks of pigs, to ensure products from domestic production and reduce imports, to make the sector more efficient, to increase breeders' interest for farm development.

→ **The program of establishment of fruit/vegetables collection and processing centers** is addressed to the producers from the fruit and vegetables sector in order to capitalize the entire production, to increase the revenues of agricultural producers, to avoid losses and offer good supplies to consumers.

The beneficiaries are fruit/vegetables producers in order to develop new production capacities, obtain additional revenues to the State budget through the complete capitalization of the production of approximately 490 thousand tons of vegetables and increase the number of jobs.

→ **The program of establishment of wool and skins collection centers** is addressed to sheep and goat breeders in order to increase the revenues, avoid losses, reduce environmental pollution, as well as to create new jobs.

The beneficiaries are sheep and goat breeders who can obtain additional revenues, contributing to the State budget through complete capitalization of their production in order to develop new production capacities and increase the number of jobs.

It is foreseen that 8 regional collection centers shall be established.

→ **Pastoral arrangements**

➤ **Scheme of guarantee of the financing given by financing institutions based on deposit certificates**

It is foreseen that 100 thousand tons of consumption seeds shall be deposited, amounting to 70,000 Lei, for which deposit certificates are requested and bank loans are accessed.

Maintenance and development of the EA information system

MADR is currently implementing the award procedure of the framework agreement whose object is the *Procurement of maintenance and technical support services for the Integrated Information System for Ecologic Agriculture (IIS - EA)*. The public procurement agreement has as general objective

the maintenance of the functionalities of the Integrated Information System for Ecologic Agriculture (IIS - EA) in agreement with the amendments of the European and national legislation for assurance of a correct management of payment requests.

Local budgets

The amounts broken down from value-added tax for the local budgets have been estimated on the reference horizon on the basis of the legislation in force.

As of 2010, for the purpose of establishment of criteria to make more efficient the use of funds awarded from the State budget to the local budgets, for current expenditures, the amounts broken down from the value-added tax were substantiated on the basis of cost standards approved through Government decisions in the fields of education and social services.

The amounts broken down from value-added tax are dedicated to financing:

- the decentralized expenditures at county level:

- Financing of Romania's Program for schools, between January and June of the school year 2018-2019, according to the provisions of Government Decision no. 533/2018 on the establishment of the budget for implementation of Romania's Program for schools between 2017 and 2023 for school year 2018-2019, as well as the amendment and supplementation of Government Decision no. 640/2017 approving Romania's Program for schools between 2017 and 2023 and on the establishment of the budget for implementation thereof in school year 2017-2018;
- financing the rights of children with special educational needs who go to special education institutions, according to the provisions of Government Decision no. 564/2017 on the manner of award of rights for children with special educational needs registered in the pre-university education system, in accordance with the provisions of letter A in the annex to Government Decision no. 904/2014 on the establishment of minimum expenditure ceilings corresponding to the rights provided by art. 129 para. (1) in the Law of national education no. 272/2004 on the protection and promotion of children's rights;
- financing the expenditures for goods and services for current maintenance of the units of special education and of county centers for resources and educational assistance in special education;
- financing decentralized cultural institutions as of 2002;
- payment of support in the form of contributions which will ensure the supplementation of the salary rights not covered from own funds of local cult units, for the non-clerical personnel employed by the cult units from the country, in accordance with the provisions of Framework-law no. 153/2017 on salaries of personnel paid from public funds, as subsequently amended and supplemented;
- financing of Community public services of civil records under authority of county councils;
- financing of operating expenditures of homes for the elderly at county level, according to the provisions of art. 18 para. (5) letter c) in Law no. 17/2000 on social assistance for the elderly, republished, as subsequently amended and supplemented;

- financing of the rights established by Law no. 248/2015 on stimulating participation to pre-school education of children coming from disadvantaged families, as subsequently amended and supplemented.
- **decentralized expenditures at the level of communes, cities, municipalities and sectors of Bucharest;**
 - basic financing of State-owned pre-university educational units for the categories of expenditures provided by art. 104 para. (2) letters b) - d) in the Law on national education no. 1/2011, as subsequently amended and supplemented;
 - aid for house heating with wood, coal and oil fuels, for State aid beneficiaries;
 - community public services of civil records under the authority of the local councils of the communes, cities, municipalities, sectors and the General Council of Bucharest Municipality;
 - financing of nursery expenditures;
 - financing of expenditures decentralized at the level of sectors and of Bucharest, respectively for: financing of expenditures determined by the implementation of the Program for Romanian schools between January and June of school year 2018-2019, according to the provisions of Government Decision no. 533/2018, of the expenditures for goods and services for current maintenance of special education units and centers for educational resources and assistance, decentralized culture institutions starting with 2002 and payment of support under the form of contributions to ensure the supplementation of salary rights not covered from own funds of the local cult units for non-clerical personnel employed in cult units, according to the provisions of Framework law no. 153/2017, as subsequently amended and supplemented;
 - financing of the rights established by Law no. 248/2015 on stimulating participation to pre-school education of children coming from disadvantaged families, as subsequently amended;
 - financing the rights of children with special educational needs integrated in mass education, according to the provisions of Government Decision no. 564/2017, in accordance with the provisions of letter A in the annex to Government Decision no. 904/2014 on the establishment of minimum expenditure ceilings corresponding to the rights provided by art. 129 para. (1) in the Law of national education no. 272/2004 on the protection and promotion of children's rights;
 - financing of operating expenditures of homes for the elderly at the level of communes, cities, municipalities, sectors of Bucharest municipality, according to the provisions of art. 18 para. (5) letter c) in Law no. 17/2000 on social assistance for the elderly, republished, as subsequently amended and supplemented;
 - financing the expenditures for award of food support, in accordance with the provisions of Government Emergency Ordinance no. 97/2018 approving the Pilot program of award of food support for preschoolers and pupils in 50 State-owned pre-university educational units.
- **financing the expenditures related to county and communal roads;**
- **balancing the local budgets of communes, cities, municipalities and counties;**

- **financing accredited private and confessional education.**

The destination of the amounts broken down from value-added tax for the local budgets, as well as the subsidies allocated from the State budget, through the budgets of certain ministries, to the administrative-territorial units on the reference horizon is presented in the table below.

thousand Lei -

INDICATOR NAME	Achievements of 2017	Achievements of 2018	Budget proposal for 2019	ESTIMATES FOR 2020	ESTIMATES FOR 2021	ESTIMATES FOR 2022
	1	2	3	4	5	6
Amounts broken down from VAT	23,549,351	15,369,842	14,792,359	19,841,110	20,801,154	21,555,933
Amounts broken down from value-added tax to finance the expenditures decentralized at county level	2,903,904	2,296,277	938,772	2,205,532	2,208,009	2,210,446
Amounts broken down from VAT to finance the expenditures decentralized at the level of communes, cities, municipalities and sectors of Bucharest Municipality	17,121,825	5,013,041	1,665,041	6,620,478	6,653,919	6,686,824
Amounts broken down from value-added tax for roads	426,464	435,307	600,000	300,000	300,000	300,000
Amounts broken down from value-added tax to balance the local budgets	2,990,338	7,459,079	11,409,946	10,536,500	11,460,626	12,180,063
Amounts broken down from value-added tax to finance accredited private or confessional education	106,820	166,138	178,600	178,600	178,600	178,600
IV. SUBSIDIES	6,517,695	10,449,219	4,996,199	4,447,531	4,610,613	5,084,328
SUBSIDIES FROM OTHER LEVELS OF THE PUBLIC ADMINISTRATION	6,517,695	10,449,219	4,996,199	4,447,531	4,610,613	5,084,328
Subsidies from the State budget	5,876,676	9,904,743	4,986,199	4,435,086	4,598,168	5,071,883
A. Of capital	2,621,137	5,207,111	4,590,599	4,018,435	4,173,034	4,637,319
Reengineering of heating and district heating plants	24,245	23,299	70,000	70,000	70,000	70,000
Urban plans and regulations	16,013	18,075	20,000	20,000	20,000	20,000
Financing the sub-program for water supply for villages	0	0	0	0	0	0
Financing the actions for reducing seismic risk of existing constructions used as homes	635	356	20,000	20,000	20,000	20,000
Subsidies for thermal rehabilitation of houses	7,190	5,597	20,000	20,000	20,000	15,000
Subsidies for financing of priority multi-annual programs for the environment and water management	24,396	9,041	4,653	0	0	0
Financing capital expenditures of pre-university education units	-163	-376	65,000	0	0	0
Subsidies from the State budget to the local budgets for financing health investments	36,597	12,350	614,513	61,000	61,000	61,000
<i>Subsidies from the State budget to the local budgets for financing medical devices and health emergency communication equipment.</i>	10,578	6,983	483,000	25,000	25,000	25,000
<i>Subsidies from the State budget to the local budgets for financing of capital repairs in the health field.</i>	14,258	1,708	26,000	10,000	10,000	10,000

<i>Subsidies from the State budget to the local budgets for financing of other health investments.</i>	11,761	3,659	105,513	26,000	26,000	26,000
Subsidies from the MH's own revenues to the local budgets for financing health investments	30,222	53,001	0	0	0	0
<i>Subsidies from own revenues of the MH to the local budgets for financing medical devices and health emergency communication equipment.</i>	8,116	32,903	0	0	0	0
<i>Subsidies from the MH's own revenues to the local budgets for financing capital repairs in the health field.</i>	7,919	1,942	0	0	0	0
<i>Subsidies from the MH's own revenues to the local budgets for financing of other investments in the health field.</i>	14,187	18,156	0	0	0	0
Subsidies for financing of the multi-annual technical assistance program for preparation of public investment projects financed through the Regional Operational Program for 2007-2013.	6	0	0	0	0	0
Subsidies from the State budget to the local budgets necessary to support the implementation of projects financed from external post-accession non-reimbursable funds (ENF).	-9,709	12,957	7,271	0	0	0
Subsidies from the State budget to the local budgets for achievement of investment objectives in tourism	10,453	6,859	10,000	20,000	20,000	20,000
Subsidies received from the State budget to finance certain programs of national interest	2,120	19,192	123,408	68,091	70,000	71,016
Subsidies received from the State budget to finance investments for public institutions of social assistance and medical and social assistance units	4,082	5,199	4,000	0	0	0
Subsidies to finance social housing	5,151	6,566	0	0	0	0
Amounts allocated from the State budget corresponding to financial corrections	816	10,278	65,079	35,000	30,000	6,323
Financing the National Local Development Program	2,354,265	4,606,550	2,500,000	2,769,353	2,867,837	3,071,345
Subsidies from the State budget allocated in accordance with the agreements concluded with public health directorates	14,424	23,057	430,000	400,000	410,000	415,000
Subsidies from the State budget to the local budgets necessary to support the implementation of projects financed from external non-reimbursable funds (ENF) corresponding to the financial framework 2014-2020.	25,241	395,110	636,675	534,991	584,197	867,635
B. Current	3,255,539	4,697,632	395,600	376,651	291,316	289,564
Financing the rights awarded to people with handicaps	2,955,081	3,923,794	94,000	96,000	96,000	98,000
Subsidies received from the Intervention Fund	20,721	380,144	0	0	0	0
Subsidies for award of home heating aid for use of wood, coal, oil fuels	53,167	33,449	50,000	50,000	51,826	53,000
Subsidies from the State budget to finance medical and social assistance units	36,331	36,635	68,600	70,384	72,143	73,875
Subsidies from the State budget to the local budgets for financing the health field	188,607	301,562	100,000	102,600	105,165	107,689
Amounts received by the local administration within the FEGA programs implemented by APIA	1,632	-493	0	0		
Subsidies received from the State budget to finance certain programs of national interest	0	21,892	60,000	87,667	90,000	92,000

Subsidies in support of housing construction	0	683	0	0	0	0
Subsidies from the SB to finance urgent expenditures specific to the cold season, dedicated to SF	0	-36	0	0	0	0
Subsidies to perform the activity of collection, transport, storage and neutralization of animal waste	0	2	23,000	10,000	10,000	10,000
Subsidies from other administrations	641,019	544,476	10,000	12,445	12,445	12,445

4.7 Prioritized significant public investments

In order to improve the management of public investments, in 2018 were supplemented and amended the Methodological norms on the prioritization of public investment projects (Government Decision no. 225/2014) through Government Decision no. 363 (published in the O.G. no. 460/June 5, 2018). The new regulations will ensure a uniform and coherent application by all parties involved, respectively the main credit authorities and the Ministry of Public Finance, of the legal provisions in force regarding the assessment and prioritization of significant public investments.

According to the provisions of Government Emergency Ordinance no. 88/2013 and of the Methodological norms on the prioritization of public investment projects, approved through Government Decision no. 225/2014, as subsequently amended and supplemented, in April - September 2018, the main credit authorities and the Ministry of Public Finance carried out the assessment process of significant public investment projects, in order for the Ministry of Public Finance to elaborate and present to the Government for approval the list of prioritized significant public investment projects.

When elaborating the draft budget for 2019, the main credit authorities will respect the prioritization results in the process of distribution of the budget resources for the significant public investment projects, in accordance with the provisions of art. 45 para. (4) in Government Emergency Ordinance no. 88/2013.

In the prioritization process, 10 main credit authorities presented information about 136 significant public investment projects, with a total updated value of 173,842,803 thousand Lei and an amount left for financing for completion purposes of 104,778,498 thousand Lei. The biggest weight in this portfolio is held by the Ministry of Transport, which administers 114 significant public investment projects, with a total updated value of 166,019,031 thousand Lei, followed by the Ministry of Waters and Forests with 9 significant public investment projects, with a total updated value of 3,722,720 thousand. At the opposite end are the Ministry of Economy, the Ministry of Research and Innovation, the Service of Guard and Protection, the Ministry of Communications and the Information Society, and the Ministry of National Defense, which administer one significant public investment project each, as presented in the table below:

Main credit authority	Number of projects assessed in the prioritization process
Ministry of Transport	114
Ministry of Health	2
Ministry of Justice	2
Ministry of Regional Development and Public	4

Administration	
Ministry of Waters and Forests	9
Ministry of Economy	1
Ministry of Research and Innovation	1
Service of Guard and Protection	1
Ministry of Communications and Information Society	1
Ministry of National Defense	1
Total:	136

Following the analysis of the information sent by the 10 main credit authorities, the Ministry of Public Finance elaborated and submitted to the Government for approval the memorandum containing the prioritization results, which was approved in the session of October 11, 2018.

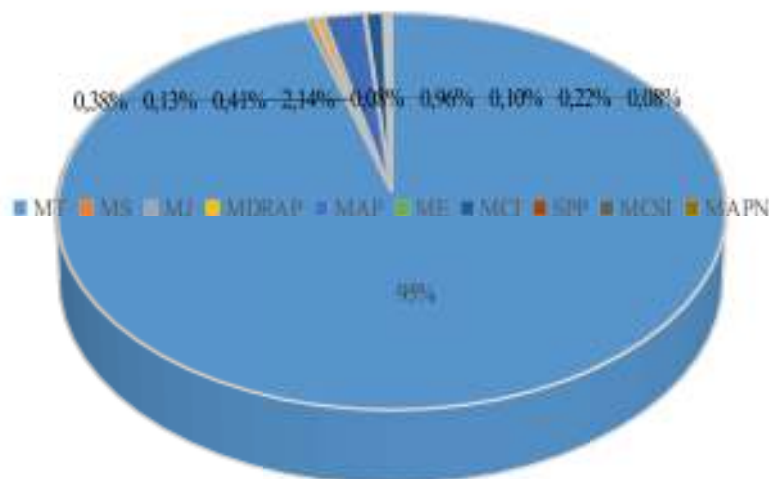
We present hereinbelow the main aspects revealed in the memorandum:

- The distribution of expenditures representing the total updated value of the projects by main credit authorities: it was found that the biggest share of expenditures belong to the Ministry of Transport (95.50%), followed by the Ministry of Waters and Forests (2.14%). The other ministries have a share below 1% (Figure 1).

Figure 1

Percent distribution of the updated value of investment projects by main spending authorities

Distribuția procentuală a valorii actualizate a proiectelor de investiții pe ordonatorii principali de credite

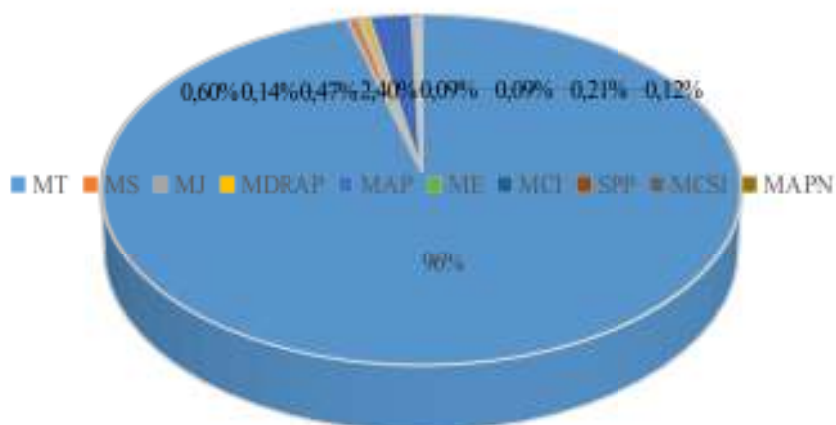


- Distribution of the rest of financing until completion of the investment projects by credit authorities: from the data presented in Figure 2 it results that the biggest share belongs to the Ministry of Transport (95.88%), followed by the Ministry of Waters and Forests (2.40%). The other ministries have a share below 1%.

Figure 2

Percent distribution of the rest of financing until completion by main spending authorities

Distribuția procentuală a restului de finanțat până la finalizare pe ordonatori principali de credite



With regard to the status of implementation of the 136 significant public investment projects sent by the main credit authorities in the prioritization process, it is found that:

Status of implementation	Number of projects
Physical status of 0%	35
Projects in process of implementation	60
Projects with physical execution status of 100%	41

Investments made in public-private partnerships in Romania

Current legal framework

The current Government changed profoundly the current legal framework for PPPs, in order to simplify and make more efficient the process of award of implementation of investment projects in PPP through adoption of Emergency Ordinance no. 39/2018 on public-private partnerships, a law which does not have norms of implementation.

The main provisions of Emergency Ordinance no. 39/2018 are:

- Public-private partnerships have the object to create or, as applicable, to rehabilitate and/or extend an asset or certain assets which will belong to the public partner's patrimony and/or the operation of a public service.
- Financing for investments, which is made within public-private partnerships, can be ensured as follows:
 - Entirely, from financial resources provided by the private partner;
 - From financial resources provided by the private partner, together with the public partner.

- The share of the public partner's contribution to financing investments within a PPP agreement must not exceed 25% of the total investment, including from European funds.
- The mechanism of the public-private partnership is characterized by the following main elements:
 - cooperation between the public and private partners, in order to implement a public project;
 - the relatively long duration of the contractual relationships, of over 5 years, which would allow the private partner to recover the investment and to make a reasonable profit;
 - the project's financing mainly from private funds and, as applicable, through placement in common of the private funds with public funds;
 - reaching the purpose sought by the public and private partners;
 - risk distribution between the public and private partners, according to the capacity of each contracting party to evaluate, manage, and control a certain risk.
- For the purpose of concluding and initiating the implementation of the obligations in the PPP agreement, it is necessary for the following stages to be followed:
 - the performance of a substantiation study by the public partner;
 - the approval by the Government of the substantiation study for the projects from the central administration or, as applicable, by the competent authorities for the projects from the local public administration;
 - the award procedure of the PPP agreement;
 - the approval by the Government of the PPP agreement resulting after the completion of negotiations started by the parties, in the case of projects from the central administration or, as applicable, by the competent authorities for the projects from the local public administration;
 - signing of the PPP agreements.
- According to GEO no. 39/2018, the institution dealing with the preparation and award of strategic PPP projects is the National Commission for Strategy and Prognosis. According to Emergency Ordinance no. 28/2018, the National Commission for Strategy and Prognosis is the central unit of substantiation and award for the strategic investment projects carried out between the public sector and one or several private partners.

Strategic investment projects in PPP scheduled to be launched:

- Through Government Decision no. 357/2018 it was established that the National Commission for Strategy and Prognosis should prepare and award the following projects in the name of the public partners which shall implement them:
 - Ploiesti-Brasov Highway;

- Bucharest - Craiova - Calafat - Drobeta-Turnu Severin - Lugoj Highway;
 - Targu - Neamt - Iasi - Ungheni Highway;
 - Operating services in public-private partnership in the health field, within a package composed of CFR hospitals;
 - The “Carol Davila - University Medical City” Medical Complex.
- Through Government Decision no. 643/2018 was supplemented the List of strategic investment projects with the following projects:
- High speed railway line Bucharest - Craiova/Sofia - Timisoara/Belgrade - Cluj/Budapest;
 - Extension of the subway network through construction of M7 thoroughfare;
 - Construction of South Bucharest airport;
 - Malls no. 3 and 4 in South Constanta Port;
 - Completion of main channel Siret - Baragan;
 - Arrangement of the rivers Arges and Dambovita for navigation;
 - Hydro-technical complex Turnu-Magurele - Nicopole on the Danube river;
 - Pumping based hydro-electric plant in Tarnita-Lapustesti;
 - Construction of a factory of electric means of transport;
 - Construction of a system of luxury resorts at the Black Sea - New Costinesti;
 - A new tourist complex for skiing in the Fagaras massive;
 - Construction and operation of a national bank for blood, human plasma and stem cells;
 - “Dr. Calistrat Grozovici” Multi-functional Clinic;
 - Regional hospital in Timisoara;
 - Regional hospital Braila-Galati;
 - Regional hospital in Targu-Mures.

Status of award of agreements in public-private partnership

No agreement has been concluded until the present in public-private partnership under the conditions of the new legislation. The award of agreements in public-private partnership by the National Commission for Strategy and Prognosis, in the name of the public partners is in different stages of preparation, respectively:

For the **Ploiesti-Brasov Highway**, GD no. 667/2018 approved the Substantiation study. The award documentation for the public-private partnership agreement was published in SICAP and in the European Public Procurement Journal. The chosen auction procedure of the private partners for the project company that will make and operate this highway is competitive negotiation.

The highway, with a length of 109.3 km, transits and connects areas with a population density over the national average, but also with important economic units. It also transits an important tourist area, namely Valea Prahovei, which generates important road flows of destination or transit during the whole year, but especially at the end of the week and during the holidays and vacations.

It is provided that the highway will be executed within at most four years, including the design stage. The cost of the investment is of 1.36 billion EUR. The execution of the investment objective in public-private partnership presupposes that the private partner will be in charge with the exploitation and maintenance thereof for a term of 20 years. The project provides the operation of the entire highway section, from Bucharest to Brasov, which means the operation ever since the first year of the part between Bucharest and Ploiesti, which is already operational.

If the execution is made one year earlier, a bonus of 100 million EUR will be given, while every delay will be penalized with the same amount. In order to ensure profitability throughout the entire term of execution and operation, the State will make annual payments of approximately 55 million EUR.

The public-private partnership project related to the “PLOIESTI-BRASOV” highway was very well received by foreign investors. 5 applicants registered for this auction, representing associations of the most representative international companies. Practically, there are 10 investors from China, Turkey, Spain, and Austria, many of them representing some of the most important construction companies, namely:

- The Association STRABAG - IC ICTAS (Leader of the association STRABAG AG)
- The Association China Communications Construction Company LTD (CCCC) - MAKYOL (Leader of the association CCCC)
- SINOHYDRO CORPORATION LIMITED(tenderer)- POWER CHINA ROADBRIDGE GROUP CO LTD(supporting third party)
- ERG Insaat Ticaret ve Sanayi A.S (tenderer) - SSB SAUERWEIN & SHAEFER BAU AG (subcontractor)
- The Association ACCIONA CONCESIONES S.L - FCC CONSTRUCCION S.A.- with subcontractor ACCIONA CONSTRUCCION SA (Leader of the association ACCIONA CONCESIONES SL)

The award procedure is in progress, in the stage of assessment of the qualification and selection of applicants, and after this stage is completed, the selected investors will be invited to submit the tenders on the basis of which the public-private partnership agreement shall be negotiated.

For “**Dr. Calistrat Grozovici**” **Multi-functional Clinic**, the G.D. No. 920/2018 approved the Substantiation Study. The award documentation for the public-private partnership agreement will be published in SICAP in December of this year and in the European Public Procurement Journal. The chosen auction procedure of the private partners for the project company that will make and operate this investment is competitive negotiation.

The substantiation study was elaborated by the National Commission of Strategy and Prognosis in collaboration with independent specialists, in accordance with the provisions of GEO no. 39/2018 on public-private partnership.

This is the first project in public-private partnership started in Romania in the health field, one of the Government's priority fields. "Dr. Calistrat Grozovici" Clinic is located on the land plot offered by the National Institute of Infectious Diseases "Prof. Dr. Matei Blas" in Bucharest, which will also act as public partner in this project and which will thus have the responsibility for this investment project to be carried out at high quality standards.

The design and execution period is of maximum 2 years and a half, and the period of operation by the private investor is of 15 years.

The total estimated costs corresponding to the investment are of approximately 650 million Lei, respectively 140 million EUR. They will be covered through the counter-value of the medical provisions offered and through payments of available funds from the State, amounting to approximately 2.5 million EUR yearly.

The substantiation study provides bonuses from the State if the execution works are completed in advance, as well as delay penalties.

The Clinic will have 636 beds, multiple consultation rooms and operating rooms, research laboratories, training halls, etc., as well as the most modern equipment in order to ensure high quality medical acts.

The multi-functional clinic will ensure specialty medical assistance in the field of infectious diseases, neurosurgery, cardiology, having a radiotherapy center, operating rooms, equipment for emergencies, including heliport.

Targu-Neamt - Iasi Highway is another major investment project in public-private partnership which has entered the final work stage. The substantiation study for the "TARGU NEAMT - IASI" highway is completed and is undergoing the decisional transparency stage on the website of the National Commission for Strategy and Prognosis.

The total investment value is of approximately 1.2 billion EUR. The period of design and execution of the highway is estimated at 48 months. It is estimated that the recovery of the investment, as well as the assurance of a reasonable profit for the private partner can be made through the conclusion of a public-private partnership agreement for a term of 30 years, which includes the period of design and execution.

For the **Arrangement of the river Arges for navigation**, the substantiation study is completed and is undergoing the decisional transparency stage on the website of the National Commission for Strategy and Prognosis.

Through the arrangement of the river Arges for navigation the Bucharest Municipality will connect to the main cross-European navigation artery, which will allow a direct connection of Bucharest to other

capitals, direct access to Constanta Marine Port, and access to the European network of waterways through the Rhine-Main-Danube channel.

It is estimated that the recovery of the investment, as well as the assurance of a reasonable profit for the private partner can be made through the conclusion of a public-private partnership agreement for a term of 25 years, including the period of design and execution.

4.8 Policy in the field of European Funds

A. STRUCTURAL AND COHESION FUNDS

1. Main evolutions in 2016-2018

2016 was an important year for the European fund management process, because the management authorities sent to the Certifying and Paying Authority, in accordance with the schedule established through G.D. No. 678/2015 on the conclusion of the operational programs financed between 2007 and 2013, the last expenditure declarations corresponding to this financial framework, which include expenditures made by the beneficiaries until December 31, 2015.

Also, in accordance with the provisions of the European regulations applicable to this financial framework, until March 31, 2017 were sent to the EC the final payment applications for all OP financed in 2007-2013. Therefore, the absorption rate registered is of approximately 95.23% of the corresponding EU allocation.

For the financial framework for 2014-2020 were appointed all authorities involved in the management and control system for the Operational Programs financed during this programming period, namely:

- ✓ INTERREG IPA Romania -Serbia cross-border cooperation program (July 15, 2016);
- ✓ INTERREG V-A Romania-Bulgaria cross-border cooperation program (December 5, 2016);
- ✓ Operational Program of Aid for the Disadvantaged (December 9, 2016);
- ✓ Operational Program Initiative for SMEs (July 25, 2017);
- ✓ Operational Program of Technical Assistance (July 27, 2017);
- ✓ Operational Program of Administrative Capacity (July 27, 2017);
- ✓ INTERREG V-A Romania-Hungary program (July 28, 2017);
- ✓ Operational Program of Large Infrastructure (August 7, 2017);
- ✓ Operational Program of Competitiveness (August 7, 2017);
- ✓ Operational Program for Fishing and Marine Affairs (August 7, 2017);
- ✓ Operational Regional Program (August 7, 2017);
- ✓ Operational Program of Human Capital (August 11, 2017);
- ✓ Common Operational Program of Romania and the Republic of Moldova for 2014-2020 (October 9, 2017 - final report of the AA and audit opinion without reservations);
- ✓ Common Operational Program of Romania and Ukraine for 2014-2020 (October 11, 2017 - final report of the AA and audit opinion without reservations);
- ✓ Common Operational Program of the Black Sea Basin for 2014-2020 (October 13, 2017 - final report of the AA and audit opinion without reservations).

At the same time, actions were taken in order:

- to develop and operationalize the information systems of data collection and management

- (MySMIS2014 and SMIS2014+);
- launching of the calls for projects in the operational programs;
- fulfillment of the ex ante conditions.

Actions corresponding to the multi-annual financial framework (MFF) for 2007-2013

- registration of high current absorption rate for 2016, so that it increased by approximately 20 percentage points compared to the end of 2015, from approximately 63% to approximately 83% (approximately 15.5 billion EUR) at December 31, 2016;
- sending to the European Commission for reimbursement the final payment applications, in accordance with the provisions of the European regulations applicable to this financial framework;
- the total value requested to the EC was of approximately 16.73 billion EUR, which represents approximately 95.23% of the EU allocation that corresponds to these programs;
- sending in 2017 to the European Commission for reimbursement the final payment applications, in accordance with the provisions of the European regulations applicable to this financial framework;
- approval by the European Commission of the financing of major environment and transport projects in two stages (staging), given that they were not completed by December 31, 2015;
- maximizing the absorption through identification of retrospective projects and the introduction of the corresponding expenditures in payment applications to be reimbursed by the European Commission;
- supplementing/amending the legal and procedural framework for the entire management system of structural and cohesion funds for the process of closure of the programming exercise 2007-2013;
- approval by the Government of the list of staged and non-functional projects.

Actions that correspond to the MFF for 2014-2020

- implementation of the operational programs that correspond to the financial framework for 2014-2020 through the launching of the applicant's guide and of the project calls, including the signing of financing agreements and the performance of payments to beneficiaries;
- ensuring a more efficient dialogue with the beneficiaries of European funds;
- increasing the transparency of the manner of implementation of operational programs financed from European funds;
- transposition into the national legislation of the new European directives in the field of public procurement and of the institutional framework that corresponds to the national public procurement system, with support from the specialty institutions;
- transmission to the Audit Authority of the documents that correspond to the packages of appointment for all operational programs and obtaining the accreditation for all management authorities.
- completion of the process of appointment of the authorities involved in the management and control system of the funds, a process which involved the assessment thereof by the Audit

Authority from Romania and the issuance of an opinion on the compliance of the system with the accreditation requirements;

- continuance of the process of fulfillment of ex ante conditions, from different fields, as undertaken by Romania through the Partnership Agreement. The responsibility for fulfillment of the ex ante conditions belongs to the line ministries, because they refer to the existence of sector policies/strategies legislations, the MEF coordinating the process of monitoring of the stage of fulfillment thereof.
- implementing measures of simplification and limitation of bureaucracy.

2. Status of implementation

2.1 Structural instruments of the Multi-annual financial framework (MFF) for 2007-2013

Within the “Convergence” objective from the EU allocation of 17.57 billion EUR for the 7 operational programs²¹ financed were contracted EU funds of approximately 20 billion EUR, representing 108%.

Current absorption rate²²

The value of payment applications that was declared to the European Commission is of 16.73 billion EUR, which is a current absorption rate of approx. 95.23% of the EU allocation for the period 2007 - 2013.

Reimbursement rate²³

The total amount received by Romania from the European Commission for the period 2007-2013 is of 16.99 billion EUR, which represents approx. 96.69% from the EU allocation for 2007-2013. 2.17 billion EUR of this amount represent pre-financing, while 14.88 billion EUR represent amounts reimbursed by the European Commission, the reimbursement rate being of 84.7% of the total allocated for the period 2007-2013.

The distribution on types of fund of the amounts requested to the EC and reimbursed by it is presented as follows:

Fund	million EUR	
	Requested amounts	Reimbursed amounts
ERDF ²⁴	8,250	7,333
CF ²⁵	5,365	5,030
ESF ²⁶	3,114	2,518

The final absorption rate will be established only after acceptance of the closing package by the EC and the payment of the final balance that corresponds to the final payment applications sent by

²¹ The Regional Operational Program, the Sector Operational Program for Transport, the Sector Operational Program for Environment, the Sector Operational Program of Increasing the Economic Competitiveness, the Sector Operational Program of Human Resources Development, the Operational Program of Development of the Administrative Capacity and the Operational Program of Technical Assistance.

²² The current absorption rate represents the ratio between the value of expenditure statements sent to the European Commission and the total allocation that corresponds to the period 2007-2013.

²³ The reimbursement rate represents the ratio between the value of the amounts paid by the European Commission and the total allocation corresponding to the operational programs.

²⁴ European Regional Development Fund

²⁵ Cohesion Fund

²⁶ European Social Fund

Romania until March 31, 2017, in accordance with the provisions of the European regulations applicable to this financial framework.

2.2 European Structural and Investment Funds - MFF 2014-2020

As of 2015 were launched project calls for all 7 operational programs of ESIF - OP of Large Infrastructure, Human capital, Competitiveness, Technical Assistance, Regional, Administrative Capacity, Initiative for SMEs. The total budget launched for these calls is of approximately 24.7 billion EUR, representing 89% of the total allocation of approximately 28 billion EUR available for the implementation of these programs.

By October 12, 2018 were signed 5,068 financing agreements, with a total eligible value of approximately 15 billion EUR, representing 54% of the total allocation corresponding to these OP. Within these agreements were made payments by the management authorities of 2.7 billion EUR.

For the aforementioned PO were received from the EC pre-financing funds amounting to 1.4 billion EUR, representing 6.3% of the EU allocation of approximately 22.58 billion EUR corresponding thereto.

Until the present, the value of the payment applications sent to the European Commission is of approximately 1.8 billion EUR, of which the EC has reimbursed so far the amount of 1.5 billion EUR.

In accordance with the provisions of the European regulations applicable to the current programming period, the reimbursement of the declared expenditures was made after the completion of the process of appointment of the authorities involved in the management and control system of the funds, a process which involved the assessment thereof by the Audit Authority from Romania and the issuance of an opinion on the compliance of the system with the accreditation requirements.

Through the Partnership Agreement, Romania undertook to finance all thematic objectives established through the (EU) Regulations no. 1303/2013, which imposed the application of all 36 ex ante conditions provided in annex XI to the aforementioned Regulation.

34 conditions are currently fulfilled (July 2018). The documents regarding the fulfillment of the thematic condition 11 regarding the *“Existence of a strategic policy framework for consolidation of the administrative efficiency of Member States, including the public administration reform”* are being analyzed in the EC. With regard to the thematic condition 6.2 - *“Promotion of economically and environmentally sustainable investments for the waste sector, especially through the elaboration of waste management plans in accordance with Directive 2008/98/EC on waste and the waste hierarchy”*, not fulfilled, the European Commission notified the need to apply art. 142, para. (1) letter (e) in the Regulation (EU) no. 1303/2013 and the suspension of the co-financing ensured through the Cohesion Fund for the investments made within the POIM, specific objective 3.1 - Reducing the number of non-compliant waste deposits and increasing the degree of preparation for recycling of waste in Romania. The responsibility for fulfilling the ex ante condition belongs to the Ministry of Environment.

2.3 Measures implemented and planned in the field of European funds

2.3.1 Implemented measures

The main measures taken in 2016-2018 referred on the one hand to the process of closing of the operational programs for 2007-2013 and, on the other hand, to the process of appointment of

the authorities involved in the management of ESI funds and the acceleration of implementation of the operational programs corresponding to the period 2014-2020.

Thus, a series of measures were taken, of which we mention:

- the revision of the legal and institutional framework:
 - amendment of G.D. No. 678/2015 on the closing of the operational programs financed between 2007 and 2013 through the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Fund for Fishing, which established the main activities and deadlines which must be observed by all structures involved in the closing of operational programs;
 - amendment and supplementation of G.E.O. No. 64/2009 on the financial management of structural funds and the use thereof for the convergence objective, in order to make more flexible the payment conditions to the beneficiaries;
 - adoption/amendment of the main legislative acts necessary to the implementation process of the ESIF (G.D. No. 398/2015 - institutional framework of coordination and management of ESIF, G.E.O. No. 40/2015 on the financial management of European funds, and G.D. No. 93/2016 on the approval of the Methodological Norms of enforcement of the provisions in Government Emergency Ordinance no. 40/2015 and G.D. No. 399/2015 - eligibility rules of the expenditures made in the operations financed through the European Regional Development Fund, the European Social Fund and the Cohesion Fund for 2014-2020);
 - adoption of G.E.O. No. 49/June 30, 2017 on certain measures to accelerate the implementation of transport infrastructure projects of national interest, for the amendment and supplementation of Government Emergency Ordinance no. 40/2015 on the financial management of European funds for the programming period 2014-2020, for the supplementation of Law no. 105/2011 on the management and use of external non-reimbursable funds and of the national public co-financing, for the objective "European Territorial Cooperation", as well as for the amendment and supplementation of Government Ordinance no. 17/2015 on the regulation of certain fiscal and budgetary measures and amending certain legislative acts. Once with this amendment can be issued construction permits without the prior elaboration and approval of a territory arrangement or urbanism documentation for the projects related to transport infrastructure of national interest which are included in the plan of arrangement of the national territory - section I - Transport networks and/or in the General Transport Master Plan of Romania, with the exception of ports, airports, train stations, yards, depots, metro, combined transport terminals and border crossing points, without affecting the provisions related to construction quality and discipline;
 - adoption of G.E.O. no. 17/2018 amending G.E.O. No. 40/2015 on the financial management of European funds for the programming period 2014-2020, as subsequently amended and supplemented. The legislative act refers to the following amendments: increase of the contracting percentage to at most 300% of the allocation, according to the targeted operational program. Thus, in the POR and POC can be concluded financing agreements with a double total value compared to the program allocation, for the POIM - financing agreements with a triple value compared to the programme allocation, for the POCU, POCA and POAT - the value of the agreements exceeds by maximum 50% the program allocation, and in the case of POAD - the value of the agreements exceeds by at

most 20% the program allocation; extending the possibility of performing payments, in the case of the projects included in the budget of the main credit authority, on the basis of the endorsement in principle of the management authority of POIM, which have the public procurement agreements concluded, but whose financing agreements were not concluded with the management authority; creation of the legal grounds for award of the endorsement in principle in accordance with art. 11 in GEO no. 40/2015 by the Interim Body for Transport for the projects financed within Annexes 1 and 2 to POIM;

- through adoption of the G.E.O. no. 27/March 30, 2017 on the adoption of fiscal and budgetary measures, the administrative-territorial units/subdivisions may request in 2017 from the Ministry of Public Finance, including for the intra-Community development associations, the contracting of loans from privatization revenues, within the limit of the amount of 500,000 thousand Lei to ensure pre-financing and/or co-financing of projects financed from external non-reimbursable funds between 2014 and 2020, including for the ineligible expenditures associated with these projects. The measure of awarding loans to the administrative-territorial units/subdivisions supports the concerted actions in order to attract the amounts estimated from the European Structural and Investment Funds and facilitate the project implementation process. Therefore, G.E.O. No. 27/2017 seeks to create the necessary financial resources for assurance of the share of own co-financing (2%) or of ineligible expenditures, both for the projects in process of implementation and for those in process of contracting;
 - through the adoption of Law no. 240/2017 was created a unitary approach for all operational programs on the level of private co-financing to at most 2% for the beneficiaries/partners who are non-profit legal entities of private law, established under the law in force, including universities, trade unions and employers' associations;
 - definition of the pre-financing percentage for the beneficiaries who receive financing under the scope of State/de minimis aid (a single installment of at most 40% of the eligible public contribution of the project);
 - The Ministry of Transport was appointed as interim body for the Operational Program of Large Infrastructure (POIM);
 - approval of certain measures to make more efficient the management system of structural instruments and ESI funds through the takeover by the former Ministry of European Funds of the interim/regional interim bodies POS M and POS DRU.
- simplification of the guidelines for the applicants:
- elaboration and application of the same rules when elaborating a project, irrespective of the operational program from which it is financed;
 - significant reduction of the administrative burden at the level of possible beneficiaries/beneficiaries, at the same time with supplying an efficient tool for monitoring and management in the MA, through the use of the electronic system MySmis/SMIS 2014+;
 - creation of a help-desk for the beneficiaries;
 - elaboration of improved forms of the beneficiary's manual, comprising clear and complete information about all stages of implementation of a project;

- publication for consulting of the Applicant's Guides - Specific Requirements within which can be formulated observations/proposals by those interested, in order to improve the content thereof, as well as to ensure a reasonable time frame between the time of actual launch of a call for project proposals and the deadline for submission of financing applications;
 - elimination of minister's orders regarding eligible expenditures for each operational program.
- phasing of the projects: a series of major and non-major projects financed through the financial framework for 2007-2013 which were not concluded on the eligibility term could be phased, respectively the works left to be performed can be financed from the budget of 2014-2020. Romania phased 90 projects on two OP (84 POIM and 6 POC), for which the total eligible value of phase II is of 3.5 billion EUR;
 - simplifying the guides for the beneficiaries and the procedures of accessing funds, for an increased coherence in the system's operation, so that the rules should be approximately the same for the beneficiary who submits a project, no matter the financing program;
 - elaboration of General Guidelines at program level and publication of the schedules for the calls for projects for 2016-2018, in order to ensure a real predictability for the financing possibilities;
 - submission by the applicants of the financing applications in electronic form;
 - reallocation of funds to the sectors with maximum absorption potential both within and between the operational programs, in order to avoid the risk of disengagement of funds allocated to Romania. The allocations for the Regional Operational Program (POR) were supplemented. Therefore, the expenditures for the technological transfer entities, entrepreneurial activities and transition towards an economy with reduced carbon dioxide emissions were additionally supported, as well as those for increasing the efficiency of human resources involved in the system of coordination, management and control of ESI funds.
 - implementation of financial instruments within the Operational Program of Competitiveness (the crediting tool with risk distribution, the risk capital tool - accelerators) and within the Regional Operational Program (uncapped guarantee instrument and equity type financial tool).
 - development of an assessment system of civil servants which manages the non-reimbursable financial assistance using performance indicators, both in terms of timing, and in terms of quality, developed through a services agreement concluded with the World Bank;
 - assuring the funds necessary for the management authorities to make the payments to the beneficiaries in case of temporary unavailability of EU funds, through accessing of the mechanism of temporary allocation of amounts from privatization revenues (according to G.E.O. no. 40/2015);
 - Ensuring an implementation framework as predictable as possible, which should support beneficiaries throughout the entire process of accessing of European funds, starting from the project idea and until registration of concrete results with impact in the real economy (respectively the preparation/elaboration/implementation of projects);
 - Identification of ineligible expenditures within a single legislative act;

- Observance of short assessment times for the submitted projects and fast signing of financing agreements;
- Careful monitoring of each project, through the introduction of the position of monitoring officer in the MAs;
- Creation of standard models of works contracting - design and execution
- Reallocation of funds to the sectors with maximum absorption potential within and between the Operational Programs: increasing the allocation dedicated to SMEs; supporting small cities; creating the possibility for financing of regional smart specialization strategies;
- permanent update of computer applications of 2014;
- introduction of simplified cost options, flat rates and standard scales for the unit costs at the level of operational programs;
- reducing the verification time by the authorities with roles in managing the operational programs of the documents that correspond to the contracting process through direct obtaining by the management authority of the tax ascertaining certificates from the PATRIMVEN computer system;
- Simplifying the procedures for the construction permits of the projects of national interest provided in the general transport master plan: issuance of construction permits without the prior elaboration and approval of a territory arrangement or urbanism documentation, but without affecting the provisions regarding construction quality and discipline;
- Continuous improvement of the legal framework on financial management of European funds;
 - the pre-financing mechanism was improved to ensure for the beneficiaries the liquidities necessary for implementation (generally, by awarding installments of up to 10% of the project's value and up to 40%, under observance of certain requirements, in the case of beneficiaries subject to State/de minimis aid rules);
 - the categories of expenditures that can be included in the payment applications (salaries, subsidies, scholarships) were extended;
 - the assumptions for over-contracting up to 200% were created according to the operational program;
 - the amounts necessary to support public hospitals which could not ensure co-financing of their projects were ensured through the budget of the Ministry of Health;
 - settlement from European funds of the investments started by the central/local public authorities and paid from other sources (State/local budget or loans);
- In parallel with the measures of administrative nature that were adopted, the MEF had a series of legislative initiatives, within the meaning of amending legislative acts that already existed or of adopting new ones,
- Preparation of the future programming period.

2.3.2 Planned measures for the implementation of ESI funds

With regard to the measures of acceleration of ESI funds' absorption, special focus will be placed on the following actions provided in the Government Program:

- Launching of all calls for projects, on all financing lines, both for public beneficiaries and for private ones, until the end of 2018;
- Short assessment times for the submitted projects and fast signing of financing agreements;
- Payment without delay of the beneficiaries' invoices, through the creation of a transparent invoice monitoring mechanism, as of the time of submission and until the payment thereof by the Management Authorities;
- Including the Operational program "Initiative for SMEs" (POIIMM) as separate priority axis in the POR, so that the expenditures already reimbursed by the European Commission for the POIIMM can be reported as expenditures made in the POR, which determines the reduction of the amounts at risk of disengagement (Emergency Ordinance no. 43/2018 - measures on reducing the risk of disengagement of European Funds).
- Analysis of each operational program and reallocation of funds to the sectors with maximum absorption potential both within and between the operational programs, in order to avoid the risk of disengagement of funds allocated to Romania.
- Improving the administrative system and the capacity of absorption of these funds;
- Simplifying the legislation corresponding to the promotion and approval of investment projects in Romania;
- Starting a training process for the beneficiaries, based on a guide on the main risks identified in the field of public procurement in order to prevent the errors found in the implementation of the procedures related to public procurement within the projects financed from structural instruments, as well as the assurance of unitary practice in the future;
- Reducing the time allocated for the assessment of the submitted projects and fast signing of financing agreements. In this respect are used exclusively the funds available in the Operational Program of Technical Assistance.
- Payment on time of the beneficiaries' invoices, through the computer system MySMIS/SMIS 2014+, which ensures transparency for the process, as of the time of submission and until the payment thereof by the Management Authorities.
- Monitoring of every project through introduction of the project manager position in the Management Authorities and the obligation of a monthly meeting with every beneficiary to analyze the project's status.
- Analysis of each operational program and reallocation of funds to the sectors with maximum absorption potential both within and between the operational programs, in order to avoid the risk of disengagement of funds allocated to Romania (year 2018). While evolutions are registered in the implementation, the Mas analyze the need to make additional changes.
- Measures of simplification and avoidance of too many procedures and excessive bureaucracy applied to the guidelines/guides for the applicants, operationalization of SMIS 2014+, simplification of the procurement procedures for private beneficiaries, introduction of simplified cost options, of flat rates and standards for the unitary costs in the national and regional norms related to eligibility, simplification of the procedures for construction permits.

- At the same time as the simplification measures, the Government supports the improvement of the administrative system and the increase of the absorption capacity for these funds.
- Using financial instruments and territorial instruments: an important share of investments, namely 517 million EUR (almost four times more than in 2007-2013) will be provided through the financial instruments (including through the initiative for SMEs implemented by the EIB). They will refer to supporting SMEs through provision of capital, of loans and guarantees for the initial and growth stages. Financial instruments are used as implementation method for the ESIF in the following operational funds: PO Competitiveness, PO Human Capital, PO Regional.
- Simplifying the legislation corresponding to the promotion and approval of investment projects in Romania. In this respect were signed the collaboration protocols in accordance with which the management authorities may request to public institutions a series of documents with no need for the beneficiaries to present them.
- Every Management Authority will start a training process for the beneficiaries, based on a guide on the main risks identified in the field of public procurement in order to prevent the errors found in the implementation of the procedures related to public procurement within the projects financed from structural instruments, as well as the assurance of unitary practice in the future;
- Encouraging Public-Private Partnerships, as alternatives and complementary solutions which may lead to the sustainability of projects co-financed by the European Union;
- Stimulating the exchange of good practices in the implementation of mechanisms meant to increase the absorption of European funds with other EU Member States;
- Periodical consulting of the stakeholders through consolidation of the decisional structures from the monitoring committees and the Coordination Committee for Management of the Partnership Agreement.

2.4 Status of implementation of the legal and institutional framework regarding the ESI funds for the multi-annual financial framework for 2014-2020, other legislative acts necessary to consolidate and increase absorption

The institutional framework of coordination and management of ESI funds is regulated through **Government Decision no. 398/2015 establishing the institutional framework of coordination and management of European structural and investment funds and for assurance of continuity of the institutional framework of coordination and management of structural instruments for 2007-2013**, as subsequently amended and supplemented, which was elaborated on the basis of the Regulation (EU) no. 1303/2013. The legislative act establishes the institutions/structures involved in the coordination, management and control of ESI funds, the duties thereof, as well as the relationships of the coordination authority with the management authorities, the certification authorities and the audit authority, the relationships between these authorities, as well as the relationships between these authorities and the European Commission.

As of the publication of G.D. no. 398/2015 until the present, there have been several amendments of the institutional framework - at the level of the interim bodies - amendments caused by the publication of other legislative acts (G.E.O. no. 68/2015 approving certain measures of management of structural instruments in the field of transport, G.D. no. 44/2016 on the organization and operation of the Ministry of National Education and Scientific Research, G.E.O. No. 23/2016

approving certain measures to make more efficient the management system of European structural and investment funds), as well as approving the Operational Program Initiative for SMEs for 2014-2020 by the European Commission.

In this framework, it was necessary to amend Government Decision no. 398/2015 so as to provide in a unitary manner the institutions/structures involved in the coordination, management and control of ESI funds.

Also, **G.D. No. 399/2015 on the eligibility rules of expenditures made within the operations financed through the European Regional Development Fund, the European Social Fund and the Cohesion Fund for 2014-2020** was approved, which regulates the following things:

- The establishment of the general rules which must be fulfilled by an expenditure in order to be eligible;
- The establishment of the specific rules and of certain ceilings for certain categories of “sensitive” expenditures, of the type of contributions in kind, the cost for procurement of land plots and motor vehicles or means of transport;
- Categories of ineligible expenditures.

The provisions regarding eligibility regulate even the situation in which the management authority, in the exercise of the function of programme management, according to art. 125 in the Regulation (EU) no. 1303/2013, awards non-reimbursable financial assistance to the public institution it is part of. The aforementioned legislative act was amended through GD no. 488/2018 *amending Government Decision no. 399/2015 on eligibility rules for the expenditures made within the operations financed through the European Regional Development Fund, the European Social Fund and the Cohesion Fund for 2014-2020.*

Through **G.E.O. No. 40/2015 on financial management of European funds for the programming period 2014-2020, respectively Government Decision no. 93/2016 approving the Methodological Norms of enforcement of the provisions of G.E.O. No. 40/2015, as subsequently amended and supplemented**, it is established the general financial framework for management of the non-reimbursable financial assistance allocated to Romania through the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Aid Fund dedicated to the most disadvantaged individuals during the programming period 2014-2020, as well as the pre-financing and co-financing corresponding to this assistance, in order to ensure efficient financial management of these funds.

The legislation regarding financial management of European funds for the programming period 2014-2020 has suffered several amendments for the purpose of making the implementation more flexible and reducing pressure on the European fund beneficiary's own budget. The amendments referred, among other things, to:

- ✓ The amendment of the pre-financing mechanism: Thus, it was introduced the possibility of awarding pre-financing for all categories of eligible expenditures, respectively for all projects implemented by local public authorities and private beneficiaries, irrespective of the European fund they finance, through the award of installments up to 10% of the project's value, in order to ensure for the beneficiaries the liquidities necessary for implementation.
- ✓ Defining the pre-financing percentage for the beneficiaries who receive financing under the scope of State/de minimis aid (a single installment of at most 40% of the eligible public contribution of the project);

- ✓ Extending the categories of expenditures for which the payment request can be applied, so that the beneficiaries/partnership leaders/partners may opt for the payment of salaries, subsidies, scholarships, prizes and fees for the payment request as well, not only for the pre-financing or reimbursement requests.
- ✓ Making more flexible the implementation of projects for the regional water and used water operators. Thus, the amounts awarded to the operators as pre-financing shall be deduced through application of a percentage to the value of reimbursement requests sent by them until the final reimbursement request.

At the same time, were started or signed the protocols of collaboration with other institutions which can support the implementation process of these funds, like the National Agency for Integrity, the National Agency for Fiscal Implementation, the National Agency for Public Procurement the National Trade Register Office, the Certifying and Paying Authority from the Ministry of Public Finance.

2.5 The funds corresponding to MFF 2014-2020, the allocation thereof on the cohesion policy and on the common agricultural policy, on separate objectives, as well as the operational programs that will be financed from these funds

In the financial exercise 2014-2020, Romania's total allocation is of over 43 billion EUR, of which 22.9 billion EUR through the Cohesion Policy and approximately 20 billion EUR through the Common Agricultural Policy and the Integrated Marine Policy.

million EUR

Operational Program/Program	Fund type	Allocation (EU) (million EUR)
PO Technical Assistance	ERDF	252.76
PO Competitiveness	ERDF	1,329.79
PO Human Capital	ESF	4,371.96
PO Administrative Capacity	ESF	553.19
PO Regional	ERDF	6,860.00
PO Large Infrastructure	ERDF	2,283.53
	CF	6,935.00
National Rural Development Program	EAFRD	8,128.00
PO Fishing	EMFF	168.42

The Operational Programs supported through the ESIF 2014-2020 are supplemented by the Operational Program of Aid for the Most Deprived, with financing from the Fund for European Aid to the Most Deprived (FEAMD), with a total allocation of 519 million EUR (of which the EU contribution is of 441 million EUR) for the period 2014-2020 and the European Territorial Cooperation Programs, with a total allocation of approx. 787 (of which the EU contribution is of approx. 670 million EUR) million EUR from funds corresponding to the objective of European territorial cooperation.

In order to ensure complementarity and capitalization of the synergies between the interventions which will be financed from the different ESI funds, it is important to ensure good coordination between in the implementation stage of the interventions.

Based on the lessons learned between 2007 and 2013 and on the new challenges brought by the specific architecture of the funds for 2014-2020, it is considered the development of a coordination mechanism with structures on 3 levels (strategic coordination, coordination at thematic level and at operational level), as it was established through the Partnership Agreement.

The role of this mechanism is to ensure strategic coordination and complementarity of the interventions throughout the implementation of programs financed from ESIF, seeking at the same time the coherence, synergies and delimitation with other national and European programs/instruments.

2.5.1 Amounts allocated to Romania for the multi-annual financial framework for 2014-2020, in total, on years and operational programs

million EUR

Program	ESI funds	Total	2014	2015	2016	2017	2018	2019	2020
PO Large Infrastructure	ERDF	2,283.53	0	593.27	324.66	333.05	180.35	420.24	431.96
	CF	6,935.00	0	1,710.04	949.84	999.90	1,046.79	1,093.83	1,134.60
PO Human Capital	ESF	4,220.84	503.64	538.84	577.38	607.53	636.80	664.94	691.72
POAD	FEAMD	441.01	99.04	54.63	44.5	61.86	63.24	75.37	42.37
Initiative "Jobs for the youth" (special allocation)	Initiative "Jobs for the youth"	151.11	59.55	46.45	0	18.80	8.77	8.77	8.77
PO Administrative Capacity	ESF	553.2	67.22	71.39	75.93	79.53	83.04	86.43	89.66
Operational Program of Competitiveness	ERDF	1,329.79	156.53	168.18	171.39	184.73	201.79	210.67	236.50
PO Technical Assistance	ERDF	252.76	21.28	31.91	28.92	31.91	71.92	31.91	34.91
PO Regional	ERDF	6,860.00	0	1,671.14	941.4	994.5	1,165.65	1,029.44	1,057.87
PNDR	EAFRD	8,128.00	0	1,723.26	1,751.61	1,186.54	1,184.73	1,141.93	1,139.93
POPAM	EMFF	168.42	0	46.47	23.59	23.98	24.53	24.7	25.15
TOTAL		31,323.66	907.26	6,655.57	4,889.21	4,522.34	4,667.61	4,788.23	4,893.44

2.5.2 Programs managed by Romania between 2014 and 2020, through the MEF²⁷:

2.5.2.1 Operational Program of Large Infrastructure (POIM)²⁸

The general objective of POIM is the Development of the transport infrastructure, environment, energy and preventing risks at European standards, in order to create the assumptions for sustainable economic growth, under conditions of safety and efficient use of natural resources. The total **budget** of POIM is of **11.63 billion EUR**, of which 9.22 billion EUR is the EU contribution (including the performance reserve). According to the version approved by the EC, the POIM will finance investments from different fields, through the following priority axes (PA):

- PA1 - Improving mobility through development of the central TEN-T network and of the metro
- PA2 - Developing a qualitative, durable and efficient multi-modal transport system
- PA3 - Developing the environmental infrastructure under conditions of efficient resource management
- PA4 - Environmental protection through measures of conservation of biodiversity, monitoring air quality and decontamination of historically polluted sites
- PA5 - Promoting adaptation to climate change, prevention and risk management
- PA6 - Promoting clean energy and energy efficiency in order to support an economy with low carbon emissions
- PA7 - Increasing the energy efficiency in the centralized heating system in the selected cities
- PA8 - Smart and sustainable electricity and natural gas transmission systems

2.5.2.2 Operational Program of Human Capital (POCU)²⁹

The Operational Program of Human Capital establishes the investment priorities, the specific objectives and the actions undertaken by Romania in the field of human resources, thus continuing the investments made through the European Social Fund between 2007 and 2013 and contributing at the same time to reaching the general objective of the Partnership Agreement (PA 2014-2020) - implicitly of the European Structural and Investment Funds in Romania, namely of reducing economic and social development disparities between Romania and the EU Member States.

The POCU strategy seeks to integrate the human resources development needs on the entire programs and public policies of Romania, as MS of the EU and considers the capitalization of human capital, as a resource for sustainable future development. The total **budget** of POCU is of **5.10 billion EUR**, of which 4.37 billion EUR is the EU contribution (including the performance reserve). According to the version approved by the EC, the POCU will finance investments from different fields, through the following priority axes (PA):

- PA 1 - Initiative "Jobs for the youth"
- PA 2 - Improving the situation of youth from the NEETs category
- PA 3 - Jobs for all
- PA 4 - Social inclusion and fighting poverty

²⁷ Ministry of European Funds (MEF) is the Management Authority for these Operational Programs

²⁸ approved by the EC on July 9, 2015

²⁹ approved by the EC on February 25, 2015

PA 5 - Local development placed under the responsibility of the community

PA 6 - Education and competences

PA7 - Technical Assistance

2.5.2.3 Operational Program of Competitiveness (POC)³⁰

The general objective of POC is to contribute to the achievement of the global objective of the Partnership Agreement through support of RDI and ICT for competitiveness and development. POC proposes solutions for the needs and challenges related to the low level of economic competitiveness at national level, especially with regard to (a) insufficient support for RDI and (b) under-developed ICT infrastructure and implicitly poorly developed services.

The total **budget** of POC is of **1.58 billion EUR**, of which 1.33 billion EUR is the EU contribution (including the performance reserve). According to the version approved by the EC, the POC will finance investments from different fields, through the following priority axes (PA):

PA1 - Research, technological development and innovation in support of economic competitiveness and business development

PA2 - Information and communications technology for a competitive digital economy

2.5.2.4 Operational Program PO Technical Assistance (POAT)³¹

POAT 2014-2020 has the purpose of ensuring an efficient and effective implementation process of European Structural and Investment Funds in Romania, in accordance with the principles and rules of partnership, programming, assessment, communication, management, including financial management, monitoring and control, based on the responsibilities distributed between the Member States and the European Commission.

The global objective of POAT 2014-2020 is to ensure the capacity and instruments necessary for an efficient coordination, management and control of the interventions financed from European Structural and Investment Funds, as well as an efficient, well-oriented and correct implementation of POAT, the Operational Program of Large Infrastructure (POIM) and the Operational Program of Competitiveness (POC).

The total **budget** of POAT is of **298.27 million EUR**, of which 252.76 million EUR is the EU contribution (including the performance reserve). According to the version approved by the EC, the POAT will finance projects through the following priority axes (PA):

PA 1 - Strengthening the beneficiaries' capacity for preparing and implementing projects financed from ESIF and disseminating the information regarding these funds

PA 2 - Support for the coordination, management and control of ESIF

PA 3 - Increasing the efficiency and effectiveness of human resources involved in the system of coordination, management and control of ESIF

2.5.2.5 Operational Program of Aid for the Most Disadvantaged (POAD)

POAD ensures for the entire period of 2014-2020 mainly the distribution free of charge of food aids in all localities in the country in favor of the disadvantaged. POAD is a continuance of the European

³⁰ approved by the EC on December 19, 2014

³¹ approved by the EC on December 18, 2014

Plan of Supply of Food Aid to the benefit of the Most Disadvantaged (PEAD), carried out between 2007 and 2013.

The Program is financed up to 85% from the European Fund Aid dedicated to the most disadvantaged and up to 15% from the national budget. The total **budget** of POAD is of **0.52 billion EUR**, of which 0.44 billion EUR is the EU contribution.

Considering that in December 2016 was obtained the accreditation of the management and control system for this PO, the EC was requested the amount of 4.29 million EUR, which represents approximately 1% of the EU allocation corresponding to the PO. Also in December 2016, the European Commission reimbursed for POAD 3.86 million EUR, which represents 0.88% of the program's allocation.

2.5.2* Programs managed by Romania between 2014 and 2020, through the MRDPA³²:

2.5.2.6. Regional Operational Regional Program (POR)³³

MRDPA is the Management Authority for POR 2014-2020 and proposes to ensure continuity for the strategic vision regarding regional development in Romania, through supplementation of the directions and priorities of regional development and implemented through POR 2007-2013, as well as through other national programs.

The total budget of POR 2014-2020 is of **8.36 billion EUR**, of which 6.86 billion EUR (including the performance reserve) represents EU support, through the European Regional Development Fund, respectively 1.52 billion EUR national contribution, ensured from national public funds (State budget, local budgets).

The general objective of POR for 2014-2020 is to increase the economic competitiveness and improve the living conditions of the local and regional community through support for the development of the business environment, of the infrastructure conditions and services, which would ensure a sustainable development of the regions, capable of efficiently managing resources, capitalizing their potential for innovation and assimilation of the technological progress.

According to the official version of POR 2014-2020, it will finance investments from different fields, through the following priority axes:

- 1) Promotion of technological transfer;
- 2) Improving competitiveness of small and medium enterprises;
- 3) Supporting the increase of energy efficiency for public buildings;
- 4) Supporting sustainable urban development;
- 5) Conservation, protection and sustainable capitalization of the cultural patrimony;
- 6) Improving the road infrastructure of regional and local importance;
- 7) Diversification of local economies through sustainable tourism development;
- 8) Developing the sanitary and social infrastructure;
- 9) Supporting economic and social regeneration of disadvantaged communities from the urban area;
- 10) Improving the educational infrastructure;
- 11) Geographical extension of the system of property registration in the cadaster and land book;
- 12) Technical Assistance;
- 13) Supporting the regeneration of small and medium cities;
- 14) Creating the infrastructure for regional emergency hospitals;

³²Ministry of Regional Development and Public Administration (MRDPA) is the Management Authority for these Operational Programs

³³ approved by the EC on June 23, 2015

15) Initiative for SMEs.

Priority axes 14 and 15 were introduced in POR 2014-2020 as a result of the approval of the program's amendment through decision of the European Commission no. C(2018)6889/October 16, 2018.

Priority axis 14 - Creating the infrastructure of regional emergency hospitals does not introduce new types of activities in POR. Considering the specificity of the three major projects regarding the construction of regional hospitals, it was considered necessary to separate them from the other interventions dedicated to the health field. Although on the whole, both the interventions from axis 8 (outpatient care, emergency units, ambulances), and those from the newly created axis 14 (regional hospitals) contribute to the same objectives, different co-financing rates are applied from the ERDF.

Considering Regulation no. 1046/2018 amending the General Regulation no. 1303/2013 allows the Member States to implement the Initiative for SMEs as a separate axis from the operational programs financed from ERDF, it was approved the inclusion of the Operational Program Initiative for SMEs as a separate priority axis in the POR, respectively priority axis no. 15 - Initiative for SMEs.

Also, considering the high demand that exists for the type of financial instrument implemented through the Initiative for SMEs (SME), it was supplemented the financial allocation of the Initiative for SMEs through the reallocation of the amount of 150 million EUR ERDF (respectively 100 million EUR ERDF provided in the POR for implementation of the financial instrument in Priority Axis 2 - loan with subsidized interest and 50 million EUR ERDF of Priority Axis 1 of POR).

With regard to the other types of information requested, we mention the following:

- **Relevant information about the absorption rate:**

- The degree of absorption of European funds in the POR is of 2.88%, representing an ERDF value of 197.49 million EUR, requested for reimbursement by the European Commission through the payment applications sent by the Certifying and Paying Authority (including for Priority Axis 15 - Initiative for Small and Medium Enterprises);
- The payments made by the Management Authority for POR to the project beneficiaries/European Investment Fund, representing European funds (ERDF) and co-financing from the State budget are of 360.56 million EUR (pre-financing, reimbursement requests and payment requests);
- Until the present has been realized an eligible ERDF of 293.47 million EUR.

- **Status of implementation of POR 2014-2020:**

- Until the present have been launched 106 calls for projects, with a total value of 8.10 billion EUR, non-reimbursable value (co-financing from the European Union and the State budget), representing a launching rate of over 100% of the total allocation of POR;
- The main eligibility requirement is the existence of a works/equipment procurement agreement in force;

- Until the present have been signed 3,214 financing agreements, with a value of 3,233 billion EUR ERDF, representing 48% of the ERDF allocation of POR;
 - In 2018 were signed 2,258 financing agreements, with a value of 1.56 billion EUR ERDF, representing 23.34 % of the ERDF allocation of POR;
 - The amount provided in POR for year 2018 for avoidance of the disengagement of European funds in 2018 is of 854.4 million EUR. For 2018, the amount estimated to be absorbed in the Regional Operational Program, according to the schedules of submission of reimbursement requests sent by the beneficiaries and corresponding to the agreements signed and the estimates related to the submission of reimbursement requests corresponding to the agreements that shall be signed is of 942.06 million EUR ERDF.
- ***The legislative acts which refer to the improvement of the implementation process are the following:***
- Government Emergency Ordinance no. 47/2018 on the establishment of measures to make more urgent the absorption of European funds which establishes the institutional framework for participation of the Ministry of Regional Development and Public Administration to the preparation and implementation of certain projects, in partnership, whose object is the equipment of administrative-territorial units with means of transport;
 - The Law approving Government Emergency Ordinance no. 30/2018 on the establishment of certain measures in the field of European funds and supplementing certain legislative acts in order to create the legal framework for settlement within the POR of non-completed investment objectives, financed entirely or partially from the State budget, the budget of State social insurance or the budgets of the special funds, from the local budgets or the budgets of the institutions financed entirely from own revenues, from loans from international financial institutions or development/international cooperation banks or financed within the operational programs 2007-2013, from external non-reimbursable funds and co-financing from the State budget;
 - Government Decision no. 264/2003 establishing the actions and categories of expenditures, the criteria, procedures and limits for performance of payments in advance from public funds, as subsequently amended and supplemented, which establishes the legislative framework on the award and recovery of advances paid by main credit authorities within the different types of procurement agreements, concluded for the implementation of programs, projects and actions financed from external non-reimbursable funds;
 - Government Decision no. 399/2015 on the eligibility rules of expenditures made within the operations financed through the European Regional Development Fund, the European Social Fund and the Cohesion Fund for 2014-2020, as subsequently amended and supplemented, with regard to the clarification of the provisions of Art. 2 para. (1) letter a) of this legislative act, in order to be consistent with the provisions of Art. 65 para. (2) - (5) in the Regulation (EU) no. 1303/2013.

2.5.2.7. Operational Program of Administrative Capacity (POCA)³⁴

MRDPA is the Management Authority for POCA 2014-2020. The Program refers to the consolidation of the administrative capacity of public authorities and institutions of supporting a modern and competitive economy, approaching challenge 5 “Administration and governing” and challenge 2 “People and society” from Romania’s Partnership Agreement. POCA 2014-2020 ensures continuity of the strategic vision of PODCA 2007-2013 on consolidating the institutional capacity of public authorities and stakeholders and public administration efficiency.

The total budget of 658.29 million EUR, of which 553.19 million EUR (including the performance reserve) represents EU support, through the European Social Fund, respectively 105.10 million EUR national contribution, ensured from national public funds (State budget, local budgets).

The implementation of the program is made through three priority axes:

- Axis 1 - Efficient public administration and judicial system;
- Axis 2 - Accessible and transparent public administration and judicial system;
- Axis 3 - Technical Assistance.

General objective: The Operational Program of Administrative Capacity for 2014-2020 seeks to settle the horizontal management problems in the central and local public administration, with a focus on the key elements which strengthen the credibility of the administration (especially the decisional process, an improved legislative regulation, making more responsible the public administration and organizational effectiveness) and orientation towards improving the decentralization process of the provision of services in certain priority sectors (health, education, social assistance), improving the quality and efficiency of provided services.

With regard to the other types of information requested, we mention the following:

- **Results obtained that correspond to the Operational Program of Administrative Capacity (POCA):**
 - 27 calls launched, with a total value of 953.70 million EUR, representing a launch rate of 144.87% of the total allocation at program level;
 - 269 financing agreements signed, with a total eligible value of 248.66 million EUR, representing a contracting rate of 37.77% of the total allocation at program level;
 - 45.77 million EUR payments made within the program, which represents 8.27% of the EU allocation at program level;
 - 40.93 million EUR of EU contribution included in the expenditure statements sent to the CPA, which represents 7.40% of the EU allocation at program level.
- **The planned results that correspond to the Operational Program of Administrative Capacity (POCA) are the following:**
 - over-contracting of the projects up to 150%;
 - a contracting rate of 100% of the POCA allocation;

reaching the payment targets in order to avoid the disengagement of approved funds.

³⁴ approved by the EC on February 25, 2015 through Decision C(2015) 1290

2.5.2.8 Cooperation programs:

Cooperation programs that correspond to the cohesion policy of the EU, financed from the ERDF:

The Interreg V-A Romania-Bulgaria Program³⁵ with a total budget of 258.50 million EUR, was approved on February 12, 2015 by the European Commission, the first call for projects being launched on March 25, 2015.

The financing fields were synthesized into the following priority axes:

- A well-connected region;
- A green region;
- A safe region;
- A qualified and inclusive region;
- An efficient region.

13.61% is the current absorption rate of the Program. The Program started the launch of calls for projects immediately after approval (March 2015). Currently, the contracting rate at Program level is of 93.82%. 125 projects are under implementation, 25 being already completed. In 2018, the Program took the decision of over-contracting, in order to ensure that all Program targets would be reached (including the maximization of the final absorption rate). Starting with 2016, the program has constantly taken measures of simplification, of reduction of the administrative burden, including the submission of projects being made electronically. The program uses simplified costs, the volume of documents necessary to be submitted by beneficiaries being thus considerably reduced.

The Interreg V-A Romania-Hungary Program³⁶ was officially approved by the European Commission on December 9, 2015, with a total budget of 231.86 million EUR.

The financing fields were synthesized into the following priority axes:

- Common protection and efficient use of common values and resources (Cooperation in the field of common values and resources);
- Improving sustainable cross-border mobility and eliminating blockages (Cooperation in the field of accessibility);
- Improving labor force occupation and promoting the mobility of cross-border labor force (Cooperation in the field of labor force occupation);
- Improving health care services (Cooperation in the field of health and disease prevention);
- Improving risk prevention and disaster management (Cooperation in the field of risk prevention and disaster management);
- Promoting cross-border cooperation between institutions and citizens (Cooperation of institutions and communities).

Until this moment have been launched 6 calls for projects, 3 normal calls for projects and 3 strategic calls for projects, covering the entire value allocated to the 6 priority axes mentioned above.

All calls launched within the program have been closed.

The current status is the following:

- the applications for financing submitted within call 1 for normal projects have been contracted and are in the implementation stage;
- for the applications submitted within the strategic calls was contracted the conceptual note stage;

³⁵ in its capacity as Management Authority.

³⁶ in its capacity as Management Authority.

- the applications for financing that correspond to call 2 for normal projects are in the pre-contracting stage;
- the applications for financing that correspond to call 3 for normal projects are in the assessment stage

Until the present have been certified by the EC expenditures of 1.22 billion EUR ERDF, representing 0.64% of the ERDF allocation of the Program.

The Cross-nation program Danube³⁷ was officially approved by the European Commission on August 20, 2015, having its Management Authority in Hungary. This program has a total budget of 262.99 million EUR, of which 202.10 million EUR ERDF financing.

The financing fields were included into the following priority axes:

- Priority axis 1 - Innovation and social responsibility in the Danube Region;
- Priority axis 2 - Responsibility towards the environment and culture in the Danube Region;
- Priority axis 3 - Connectivity in the Danube Region;
- Priority axis 4 - Good governance in the Danube Region;
- Priority axis 5 - Technical assistance dedicated to financing the program management structures and the activities thereof - Facilitating the program's implementation.

The status on October 17, 2018 is the following:

Three types of calls for projects were approved:

- 2 calls dedicated to cross-nation projects: currently, there are under implementation the projects corresponding to the first call, with a contracted budget of approximately 91 million EUR ERDF, and those corresponding to the second call have a budget of approximately 33.9 million EUR ERDF;
- 1 call for projects dedicated to the Coordinators of SUERD Priority Areas whose projects are under implementation, with a contracted budget of approximately 3.6 million EUR ERDF;
- 1 call for projects type "Seed money facility", under implementation, with a budget of approximately 724 thousand EUR ERDF.

The Inter-regional Cooperation Program INTERREG EUROPE³⁸ was officially approved by the European Commission on June 11, 2015, having its Management Authority in France. This program has a total budget of 426.31 million EUR, of which 359.33 million EUR ERDF financing. The first call for projects was opened between June 22 and July 31, 2015.

The financing fields were included into the following priority axes:

- Consolidating the research, technological development and innovation;
- Improving the competitiveness of SMEs;
- Supporting the transition towards an economy with low carbon dioxide emissions in all sectors;
- Environmental conservation and protection and promoting the efficient use of resources.

The status on November 15, 2018 is the following:

- 184 Projects were approved within the 3 calls, of which 80 with beneficiaries from Romania, the budget of ERDF corresponding to the Romanian partners being of approximately 10.2 million EUR;
- The fourth call for projects is under assessment, with a total budget of approximately 74 million EUR.

³⁷in its capacity as National Authority

³⁸in its capacity as National Authority

The URBACT III Inter-regional cooperation program³⁹ was approved through decision C(2014) 9857 of December 12, 2014, having its Management Authority in France. This program, with a total budget of 96,324,550 EUR, of which 74.30 million EUR financing from ERDF, had its launching event on March 16, 2015 in Brussels. The financing fields were generically comprised into a single priority axis: Supporting sustainable urban development

The first call for the Action Planning Networks were opened between March 30 and June 16, 2015, concluded with the approval of 21 Networks, through the decision of the Monitoring Committee on September 11, 2015. The second URBACT call launched for the financing of the Implementation Networks was opened between March 2016 and June 2016, 7 networks were approved, through the decision of the Monitoring Committee on October 10, 2015.

Stage I of the third Call, for the Formation of Transfer Networks, carried out between September 2017 and January 2018, ended with the approval of 25 projects, following the decision of the Monitoring Committee of April 4, 2018.

The status on November 15, 2018 is the following:

- Three calls were approved, having 53 Networks, of which 17 with beneficiaries from Romania (10 Action Planning Networks, with an ERDF budget allocated to the Romanian beneficiaries of 463,482.00 EUR and 3 Implementation Networks, with an ERDF budget allocated to the Romanian beneficiaries of 111 370.00 EUR and 4 Transfer Networks with an ERDF budget approved for stage I for the Romanian beneficiaries of 70,184.42 EUR);
- In December 2018 will be completed the partnerships within the Transfer Networks, where the number of beneficiaries and, implicitly, the budgets of the projects, shall extend for each of the 25 approved projects;
- the next call for projects for the Action Planning Networks will be in January 2019.

The INTERACT III Inter-regional cooperation program⁴⁰ was approved by the European Commission through decision C(2015) 5855 of August 13, 2015, having its Management Authority in Slovakia. The program's objective is to award technical assistance to the other European territorial cooperation programs in increasing the administrative capacity for management and control, identifying and capitalizing the results, implementing innovative approaches (GECT, macro-regional strategies, ITI, etc.). The program's budget is of 39.40 million EUR ERDF, to which are added 163,530 EUR contribution of Switzerland and Norway.

The IPA cross-border cooperation program between Romania and the Republic of Serbia for 2014-2020⁴¹ was approved through decision C(2015) 5667 of August 6, 2015 - in the capacity of Management Authority. This program has a total budget of 88,124,999 EUR, of which 74,906,248 IPA funds.

Until this moment have been signed 38 agreements (including Technical Assistance), with a value of 50.7 million EUR, IPA funds, for which were declared to the EC expenditures for 13.24 million EUR IPA, resulting an absorption rate of 17.67%. The EC has reimbursed until the present 5.11 million EUR. The payments made until this moment amount to 10.1 million EUR IPA (including advances).

The financing fields were synthesized into the following 4 priority axes:

- Promoting the occupation of the labor force and services for a favorable increase of inclusion;
- Environmental protection and risk management;

³⁹in its capacity as National Authority

⁴⁰in its capacity as National Authority

⁴¹in its capacity as Management Authority.

- Sustainable mobility and accessibility;
- Attractiveness for sustainable tourism.

Cooperation programs that correspond to the neighboring policy of the EU, financed from the ENI:

The Common Romania - Ukraine Operational Program for 2014-2020⁴² was officially approved by the European Commission on December 17, 2015, with a budget of 66 million EUR. The financing fields were synthesized into the following priority axes:

- Institutional cooperation in education for increasing access to education and education quality;
- Promotion and support for research and innovation;
- Conservation and promotion of the cultural and historical patrimony;
- Development of the cross-border transport infrastructure and of ICT tools;
- Support for the development of health services and access to health;
- Support for common activities of prevention of natural disasters or man made disasters, as well as common actions in emergency situations;
- Prevention and fight against organized crime and police cooperation.

The Common Romania - the Republic of Moldova Operational Program for 2014-2020⁴³ was officially approved by the European Commission on December 17, 2015, with a total budget of 89.10 million EUR. The financing fields were synthesized into the following priority axes:

- Institutional cooperation in education for increasing access to education and education quality;
- Promotion and support for research and innovation;
- Conservation and promotion of the cultural and historical patrimony;
- Development of the cross-border transport infrastructure and of the ICT infrastructure;
- Support for the development of health services and access to health;
- Support for common activities of prevention of natural disasters or man made disasters, as well as common actions in emergency situations;
- Prevention and fight against organized crime and police cooperation.

The status on October 15, 2018 is the following:

- 2 (two) calls for projects were launched, covering the entire value allocated to the 7 priorities mentioned above.
- Both calls for closed, being submitted 241 projects which are in process of assessment.
- For large infrastructure projects whose list was established in the Program were implemented the specific stages, 3 projects from the main list being sent to the European Commission for final approval. The 4th projects from the main list for which a series of additional clarifications were requested shall be sent to the European Commission after receiving the revised documentation.

The Common Operational Program of the Black Sea Basin for 2014-2020⁴⁴ was officially approved by the European Commission through decision C(2015) 9187 of December 18, 2015, with a total budget of 53.94 million EUR, of which 49.04 million external non-reimbursable funds.

The financing fields were synthesized into the following priority axes:

⁴²in its capacity as Management Authority.

⁴³in its capacity as Management Authority

⁴⁴in its capacity as Management Authority.

- Common promotion of the business environment and of entrepreneurship in the sectors of tourism and culture;
- Increasing the opportunities of cross-border trade and modernization in the field of agriculture and related sectors, including in aquaculture, the food industry and the agricultural industry;
- Improving the common environmental monitoring system;
- Promotion common action for public awareness and common actions against marine and river waste.

The amounts spent from the State budget for the European territorial cooperation projects are essential for the good implementation of cross-border, cross-nation and inter-regional cooperation projects that correspond to the programs which are part of the European territorial cooperation objective of the EU's cohesion policy and of the cross-border cooperation projects that correspond to the extension and neighboring policy of the EU to which Romania takes part.

Until this moment have been signed 21 agreements (including Technical Assistance), with a value of 17 million EUR, external non-reimbursable funds.

The payments made until this moment amount to 4.1 million EUR external non-reimbursable funds (including advances).

The ENI Cross-border Cooperation Program Hungary-Slovakia - Romania - Ukraine for 2014-2020 was officially approved by the European Commission with a total budget of 81.35 million EUR.

The financing fields comprise the following priority axes:

- Promotion of local culture and history with a focus on the tourism function;
- Sustainable use of the environment in the cross-border area - preservation of natural resources, actions of reduction of greenhouse gas emissions and river pollution;
- Developing the transport infrastructure in order to improve the mobility of people and goods;
- Developing the infrastructure for information and communication technologies and exchange of information;
- Supporting common activities for prevention of natural and anthropogenic disasters, as well as common actions in emergency situations;
- Support for the development of the health infrastructure.

The status on October 15, 2018 is the following:

- Two calls for project proposals were launched, with a total value of 44 million EUR;
- During the second meeting of the Common Monitoring Committee (April 24 - 25, 2018, Košice, Slovakia) were not selected large infrastructure projects with Romanian participation;

During the third meeting of the Common Monitoring Committee (July 12, 2018, Baia Mare, Romania) were selected 35 projects, of which 24 with Romanian participation.

B. FUNDS FROM THE COMMON AGRICULTURAL POLICY

1. National Rural Development Program (PNDR)

The National Rural Development Program for 2014-2020 was adopted by the European Commission through the Commission's Implementation Decision no. 3508 of May 26, 2015 approving the rural development program of Romania for support from the European Agricultural Fund for Rural Development, drawing the priorities of Romania for the use of the approximately 9.5 billion EUR available public funds (*8.1 billion EUR from the budget of the EAFRD and 1.4 billion EUR representing national co-financing*).

1.1. The financial allocation of the PNDR for 2014-2020, distributed on years, is the following:

Million EUR

2014	2015	2016	2017	2018	2019	2020	TOTAL
0.0	1,723.26	1,751.61	1,186.54	1,184.73	1,141.93	1,139.93	8,128.00

The total public allocation is distributed on 6 rural development priorities (RDP), according to the PNDR for 2014-2020:

- RDP 1 *“Encouraging knowledge transfer and innovation in agriculture, forestry, and rural areas”* - this priority is scheduled through the priorities from 2 to 6 (the allocation is found under priorities 2-6);
- RDP 2: *“Increasing the viability of farms and the competitiveness of all types of agriculture in all regions and promotion of innovative agricultural technologies and of sustainable wood development”* - allocation of 1,723.80 million EUR;
- RDP 3: *“Promoting the organization of the food chain, including the sectors of processing and trading of agricultural products, of animal welfare and risk management in agriculture”* - allocation of 1,004.82 million EUR;
- RDP 4: *“Restoration, conservation, and consolidation of eco-systems related to agriculture and forestry”* - allocation of 2,344.29 million EUR;
- RDP 5: *“Promoting the efficient use of resources and supporting transition towards an economy with low carbon emissions and resistant to climate changes in the agricultural, food, and forestry sectors”* - allocation of 678.82 million EUR;
- RDP 6: *“Promoting social inclusion, poverty reduction and economic development in the rural areas”* - allocation of 2,197.89 million EUR.

To the allocations mentioned above, on priorities of rural development, is added the allocation for the Technical Assistance measure of 178.37 million EUR.

The Program includes 16 financing measures (to which an exclusively transitional measure is added, namely Animal welfare - multi-annual commitments concluded through the PNDR for 2007-2013). The payments that correspond to budget commitments are made on the N+3 principle.

1.2. Absorption rate of PNDR for 2014-2020

The value of the payments made from the EAFRD to the beneficiaries of all measures is of 3,173.77 million EUR, to which is added the pre-financing collected in 2015, respectively 2016, from the budget of the EAFRD, in order to ensure the financing necessary to start and implement the Program, amounting to EUR 325.12 million, which leads to a **degree of absorption of EAFRD for 2014-2020 of 43.1%** (according to the expenditure declarations corresponding to years 2016-2018 reimbursed by the COM, as well as of the payments made to the beneficiaries between July and October 2018).

1.3. Measures of PNDR for 2014-2020 launched

41 (sub)measures/components/schemes are active, of which 34 (sub)measures/components/schemes are implemented by AFIR/MA for PNDR and 6 measures by APIA, to which is added the measure of strengthening the administrative capacity of the authorities responsible for the implementation of the PNDR, respectively Technical Assistance.

- 3 sub-measures are not launched, and they shall be launched by AFIR/MA PNDR.
- Following the sessions carried out in the four years of implementation, on a cumulative basis, the number of submitted projects is of 55,339, with a public value of 8,243.33 million EUR.
- The number of projects selected for financing is of 29,345 in public value of 4,114.67 million EUR, of which 28,224 projects were contracted, in public value of 3,575.86 million EUR. For these contracts were made payments of a public value of 1,696.49 million EUR.
- The detailing on annual sessions is found below.

Sessions for 2015

- **Submission:** between March and December 2015 was carried out the first annual session within 15 sub-measures/components (among the measures implemented by AFIR), auctioning the amount of 1,558.32 million EUR, being submitted 7,691 projects with a public value of 1,550.27 million EUR.
- **Selection and contracting:** of the projects submitted in the session of 2015 were selected 4,362 projects with a public value of 902.73 million EUR and were contracted 4,155 projects with a public value of 769.25 million EUR, the payments made being of a public value of 506.27 million EUR.

Sessions for 2016

- **Submission:** starting with April were launched sessions of submission of financing applications for 24 sub-measures/components/schemes (among the measures implemented by AFIR), auctioning the amount of 1,685.25 million EUR, being submitted 14,529 projects with a public value of 1,965.25 million EUR.
- **Selection and contracting:** of the projects submitted in the session of 2016 were selected 9,689 projects with a public value of 1,360.54 million EUR and were contracted 9,396 projects with a public value of 1,275.90 million EUR, the payments made being of a public value of 643.94 million EUR.

Sessions for 2017

- **Submission:** as of February were launched sessions of submission of financing applications for 2017 for 24 sub-measures/components/schemes (among the measures implemented by AFIR), and exclusively for the ITI Danube Delta territory were launched sessions for 13 sub-measures, auctioning the amount of 2,382.73 million EUR, being submitted 25,019 projects with a public value of 3,762 million EUR (the session corresponding to sub-measure 19.2 was opened on April 20, 2017 and will close at the time of exhaustion of the allocated funds).
- **Selection and contracting:** of the projects submitted in the session of 2017 were selected 15,091 projects with a public value of 1,839.36 million EUR and were contracted 14,599 projects with a public value of 1,527.92 million EUR. The payments made are of a public value of 545.77 million EUR.

Sessions for 2018

- **Submission:** starting with January and until the present were launched sessions of submission of financing applications for 2018 for 13 sub-measures/components/schemes (among the measures implemented by AFIR), auctioning the amount of 665.36 million EUR, being submitted 8,100 projects with a public value of 965.81 million EUR.

- Between March and May 2018 was carried out the Campaign of receipt of Single payment applications for year 2018, were submitted payment applications with a public value of 446 million EUR.
- **Selection and contracting:** of the projects submitted in the session of 2018 were selected 203 projects with a public value of 12.04 million EUR and were contracted 74 projects with a public value of 3.01 million EUR, the payments made being of a public value of 0.50 million EUR.
- In addition, **22,627 projects with a public value of 435.84 million EUR** (the value left to be paid in order to finalize these contracts) were transferred through the **transition** procedure from the PNDR for 2007-2013 in PNDR for 2014-2020. For these contracts were made payments of a public value of 254.42 million EUR.
- Also, **payments of a public value of 1,511.15 million EUR were made for the measures of compensatory payments per area/animals implemented by APIA**, corresponding to the payment requests submitted in the campaigns carried out in the previous year.
- Within the **support measures** were contracted 9 projects with a public value of 3.90 million EUR - sub-measure 2.1 "Services of counseling for farmers, young farmers, microenterprises, and small enterprises", 79 projects with a public value of 8.70 million EUR.
- - the Technical Assistance Measure, 239 projects with a public value of 69.97 million EUR - sub-measure 19.4 "Support for operating and animation expenditures" awarded to GALs. For these contracts were made payments of a public value of 109.64 million EUR.
- In order to facilitate access to capital for the agricultural sector was signed with the **European Investment Fund** a contract with a public value of 93.88 million EUR, which refers to the award of loans for investments under advantageous conditions, being made payments with a public value of 46.94 million EUR.

2. EUROPEAN AGRICULTURAL GUARANTEE FUND (EAGF)

2.1. Main achievements in the field of EAGF European funds in the campaign of 2017

The Agency for Payments and Intervention for Agriculture (APIA) operates as a subordinate of the Ministry of Agriculture and Rural Development (MARD) and manages the support schemes awarded to farmers, financed from:

- ✓ EAGF - European Agricultural Guarantee Fund
- ✓ EARDF - European Agriculture and Rural Development Fund (through the measures delegated from PNDR for 2014-2020)
- ✓ NB - National Budget

The Ministry of Agriculture and Rural Development, through the Agency for Payments and Intervention for Agriculture, implements the **European Agricultural Guarantee Fund (EAGF)**.

The most important legislative acts which regulate the award of financial support for direct payment schemes and transitional national aid, which are applied in agriculture between 2015 and 2020, are the following:

- **G.E.O. No. 3/2015** approving the payment schemes which apply in agriculture between 2015 and 2020 and amending art. 2 in Law no. 36/1991 on agricultural companies and other forms of association in agriculture, **as subsequently amended and supplemented;**
- OMARD no. 619/2015 approving the eligibility criteria, the specific conditions and the manner of implementation of the payment schemes provided under art. 1 para. (2) and (3) in Government

Emergency Ordinance no. 3/2015 approving the payment schemes which are applied in agriculture between 2015 and 2020 and amending art. 2 in Law no. 36/1991 on agricultural companies and other forms of association in agriculture, as well as the specific requirements of implementation for the compensatory measures of rural development applicable on agricultural lands, provided in the National Rural Development Program for 2014-2020, as subsequently amended and supplemented;

- OMARD no. 620/2015 approving the standard form for the single payment application for year 2015 and the manner of application of certain requirements of the compensatory measures of rural development applicable in 2015 on the agricultural lands provided by art. 33 in Government Emergency Ordinance no. 3/2015 approving the payment schemes which are applied in agriculture between 2015 and 2020 and amending art. 2 in Law no. 36/1991 on agricultural companies and other forms of association in agriculture, for year 2015, as subsequently amended and supplemented.

Transitional national aid - TNA are awarded **in the vegetable and zootechnic fields**, within the limit of budgetary provisions allocated to the Ministry of Agriculture and Rural Development.

EAGF is implemented through distributed management among the Member States and the Union and finances expenditures which are made in accordance with Union law, as per the provisions of the **Regulation (EU) no. 1306/2013 of the European Parliament and of the Council of December 17, 2013 on financing, management, and monitoring of the common agricultural policy and repealing Regulations (EEC) no. 352/78, (EC) no. 165/94, (EC) no. 2799/98, (EC) no. 814/2000, (EC) no. 1290/2005, and (EC) no. 485/2008 of the Council.**

1. EAGF ALLOCATION - DIRECT PAYMENTS

The Delegated regulation (EU) 2015/851 OF THE COMMISSION of March 27, 2015 amending annexes II, III, and VI of the Regulation (EU) no. 1307/2013 of the European Parliament and of the Council establishing certain norms regarding direct payments awarded to farmers through support schemes within the common agricultural policy provides the financial ceiling allocated to Romania from the EAGF for direct payments, as follows:

EAGF allocation - direct payments (EUR)	2015	2016	2017	2018	2019	2020	TOTAL*
	1,599,992,519	1,772,469,112	1,801,335,000	1,912,150,000	1,903,195,000	1,903,195,000	10,892,336,631

*To the aforementioned financial ceilings from the EAGF shall be added those estimated for market and foreign trade measures of approximately 400 million EUR for the period 2015-2020.

The schemes of direct payments financed from the EAGF are the following:

- the scheme of single payment per area;
- the redistributive payment;
- the payment for agricultural practices which are beneficial for the climate and the environment;
- the payment for young farmers;
- the coupled support schemes for the vegetable and zootechnic sectors;

- the simplified scheme for small farmers.

The payment beneficiaries - are the active farmers, private individuals and/or legal entities who carry out agricultural activities acting as users of agricultural land areas and/or legal owners of animals, in accordance with the legislation in force. In the category of payment beneficiaries are included the agricultural cooperatives, according to Law no. 566/2004 on agricultural cooperatives, as well as the groups of producers who carry out agricultural activities.

With regard to the 2017 Campaign, the APIA has authorized for payment the amount of **2.636 billion EUR**, which represents a percentage of absorption of **97.50%** from the financial ceiling allocated to Romania in the 2017 Campaign of **1.801 billion EUR**.

The payments are made at the exchange rate of **4.5993 Lei for one EUR**, as set by the Central European Bank on September 29, 2017 and published in the Official Journal of the European Union, series C, no. 329/05 of September 30, 2017.

With regard to the amounts reimbursed by the European Commission in calendar years 2017 and 2018, following the request through the monthly declarations of expenditures (financial years 2017 and 2018), we mention the fact that until this date the European Commission has reimbursed the amount of 3.51 billion EUR.

Financial year	Amount communicated in the EC decision - EUR -
2017	1,772,508,497.61
2018	1,736,792,339.41
Total	3,509,300,837.02

With regard to the Campaign of receipt of single payment requests for year 2018, between March 1 and May 15 of 2018 were submitted at the Agency 867,067 applications for an area of 9,640,942 hectares.

Compared to 2017, it is found a decrease of the number of farmers who submitted single payment requests, namely of 884,397, but an increase of the area for which support was requested, because in 2017 was requested for payment a smaller area, of 9,541,389 hectares.

2. European Agricultural and Rural Development Fund

The Agency for Payments and Intervention in Agriculture implements on the basis of the delegation agreements concluded with the Agency for Financing of Rural Investments (AFIR) the following measures financed from the EARDF:

- MEASURE 08 - Investments in the development of wooded areas and in the improvement of forest viability – sub-measure 8.1 - Afforestation and creation of wooded areas
- MEASURE 10 - Agro-environment and climate
- MEASURE 11 - Ecologic agriculture
- MEASURE 13 - Payments for areas facing natural restrictions or other specific restrictions
- MEASURE 14 (former measure 215) - Payments in favor of animal welfare
- MEASURE 15 - Forestry and environment services, climate services and wood preservation - 15.1 - Payments for forestry and environment commitments

- Measure 214 - Payments regarding the agricultural environment

EARDF allocation + co-financing from the National Budget: **3.59 billion EUR**

Approximately 409 thousand farmers requested support for rural development measures in the 2017 campaign (one request may refer to several types of payments).

CEILINGS ALLOCATED FROM THE EARDF FOR THE PROGRAMMING PERIOD 2014-2020 - MEASURES IMPLEMENTED BY APIA BASED ON THE DELEGATION RECEIVED FROM THE AFIR*

MEASURE	Programming period 2014 - 2020	EARDF (EUR)	BN (EUR)	Total (EUR)
8	Investments in the development of wooded areas and in the improvement of forest viability	105,695,160	21,106,472	126,801,632
10	Agro-environment and climate	909,964,916	159,032,069	1,068,996,985
11	Ecologic agriculture	200,686,161	35,011,337	235,697,498
13	Payments for areas facing natural restrictions or other specific restrictions	1,150,796,418	166,798,226	1,317,594,644
14	Animal welfare	687,938,706	88,522,854	776,461,560
15	Forestry and environment services, climate services and wood preservation	58,415,000	11,732,754	70,147,754
TOTAL		3,113,496,361	482,203,712	3,595,700,073

*The ceilings allocated are compliant with the **National Rural Development Program for 2014-2020 - version 6.1**, officially sent by the European Commission for analysis and approval on June 18, 2018.

From the financial allocation of **3.59 billion EUR**, APIA requested through the annual declarations for financial years 2016, 2017, respectively the expenditure declarations corresponding to the period October 16, 2017 - December 31, 2017, and January 1, 2018 - June 30, 2018, the amount of **1.341 billion EUR**.

Financial year	PNDR 2007-2013 (EUR)	PNDR 2014-2020 (EUR)
2016	97,588,061.91	338,787,633.67
2017		513,783,019.10
2018		488,959,731.10
TOTAL	97,588,061.91	1,341,530,383.87

The situation broken down on measures is as follows:

Financial year	PNDR for 2014-2020 (EUR)	M10 - Agro-environment and climate (EUR)	M11 - Ecologic agriculture (EUR)	M13 - Payments for areas facing natural restrictions or other specific restrictions (EUR)	M14 - Animal welfare (EUR)
2016	338,787,633.67	41,343,388.88	8,377,434.73	206,971,753.24	82,095,056.82
2017	513,783,019.10	111,652,752.24	30,605,168.56	220,664,570.45	150,860,527.85
2018	488,959,731.10	96,234,954.17	24,270,532.45	214,654,355.87	153,799,888.61
TOTAL	1,341,530,383.87	249,231,095.29	63,253,135.74	642,290,679.56	386,755,473.28

The Agency for Payments and Intervention in Agriculture authorized for payment between October 16, 2017 and October 15, 2018 for the rural development measure in the 2017 Campaign, the total amount of **590.54 million EUR**.

We mention that the payments are made at the foreign exchange rates established by the Central European Bank, as follows:

- 4.5390 Lei for one EUR, established by the Central European Bank on December 30, 2016 and published in the Official Journal of the European Union, series C, no. 491/01 of December 31, 2016, for the payments financed from the EARDF (European Agricultural and Rural Development Fund).

➤ Main achievements of 2017

The measures implemented by the Agency for Payments and Intervention in Agriculture have as main purpose to stimulate the absorption of European funds, under observance of the Community and national provisions in force.

We present hereinbelow a few of the measures taken by APIA in 2017:

- ✓ the authorization and performance of payments in advance to the farmers who benefit of the payment per area scheme;
- ✓ the conclusion/extension of the working agreements concluded between APIA, the guarantee funds in the field of agriculture and the commercial banks in order to issue the certificates in the different support schemes that have been implemented, namely: SAPS, AXIS II (PNDR), transitional national aid in the zoo-technical sector, the payments for animal welfare (poultry and swine);
- ✓ conclusion of agreements and protocols with institutions from the country and from abroad;
- ✓ Participation to the audit missions of the European Commission, of the European Court of Accounts, to the bilateral or conciliation meetings;
- ✓ activities of public information on the support measures/schemes carried out from European funds (EAGF - European Agricultural Guarantee Fund and EARDF - European Agricultural and Rural Development Fund) and from the national budget;

- ✓ organization of training sessions for the representatives of the professional associations from the agricultural field and of informative sessions for the farmers, caravan type actions, through the county and local centers, in the administrative-territorial units;
- ✓ elaboration, printing, distribution/dissemination of informative materials with a special section related to the measures implemented by APIA;
- ✓ posting on the official web page of the institution - www.apia.org.ro, the informative materials corresponding to the Campaign of receipt of applications for support per area, in the sections opened especially for this occasion, which could be accessed from the home page.
- ✓ participation of the institution to public information or promotion events has consisted of the organization of own stands or only in the presence of representatives of the Agency in the stands of partner bodies, from the MARD or foreign, on the occasion of events of the type of fairs (international/national) or exhibitions;
- ✓ public information or promotion activities were carried out during conferences, seminars, symposiums, specialty colloquia, meetings with representatives of city halls or prefect's institutions, agricultural producers or associations, etc., with participation of the specialists from APIA;
- ✓ participation with own stand at the International fair of products and equipment in the agriculture, horticulture, viticulture and zoo-technical fields - IndAgra 2017;
- ✓ Identification through electronic means of the agricultural plots from the exploitation and of the areas from the commitments.

In order to increase the degree of accessing of Measures 10 and 11, in 2017 the MA PNDR, APIA, and AFIR considered the performance of an extensive informative campaign for the possible beneficiaries of the measure, carried out through the different channels of communication, which included, among others:

- ✓ the elaboration of informative materials published on the website of the institutions responsible for the elaboration and implementation of environmental and climate measures, on the portal of the National Rural Development Network;
- ✓ publication of press releases (subsequently taken over by the media channels at national and regional level) and publication of the articles through the use of social media tools,
- ✓ Information supplied through the single payment application per area and the Applicant's Guide. (materials which were published in due time on the website managed by the Agency for Payments and Intervention in Agriculture).

In parallel, APIA has organized caravans and informative and promotion campaigns before starting the submission of single payment applications.

➤ Objectives for 2019-2021

With regard to 2019-2021, the main objective of the Agency is to ensure a good management of Community and national funds and to support Romanian farmers, thus ensuring the development of the agricultural field, of vegetable growing and animal breeding farms, under observance of the measures of environmental protection, as well as of capitalization of resources and of the national possibilities available to Romania.

To maintain the ascending trend of European fund absorption and to encourage farmers to rely on agriculture by accessing as many forms of financial support as possible.

To continue to contribute, with the farmers' support and in their interest, to the modernization and efficiency of agriculture, to developing the Romanian village and increasing economy as a whole, on medium and long term, in Romania.

The quality of European agricultural products, the methods of production used, food safety and the nutritional properties of food, ecological production, remain advantages that can support agricultural products in the competition with those obtained in third countries at much lower prices and quality the size of production costs.

The measure of promotion of agricultural products on the domestic market of the European Union and on the markets of third countries to whose financing the European Commission participates, together with the beneficiaries, contains instruments dedicated to consolidating commercial exchanges, to introducing and increasing the market share of products from the European Union, including Romanian products, on the markets of third countries, the beneficial effects being quantified at economic level.

The Common Agricultural Policy (CAP) allows the potential of the European agricultural and agro-food sector to be freed and highlighted to contribute to the Europe 2020 Strategy for smart, sustainable and inclusion favorable growth, supporting agriculture as source of food safety, of sustainable use of resources and of dynamism for the rural areas.

As a CAP instrument, the European policy of promotion for agricultural products seeks the objectives of the CAP reform until 2020 and, especially, the stimulation of competitiveness for the European agriculture, both on the domestic market and in third countries, focusing on the following objectives:

- ✓ Increasing consumer awareness with regard to the merits of European agricultural products;
- ✓ Developing and opening new markets for European agricultural products on the domestic market and in third countries;
- ✓ Increasing the policy's efficiency and effectiveness, through a more efficient capitalization of European agricultural production and through consolidation of the position thereof on the different existing markets.

1. EUROPEAN MARITIME AND FISHERIES FUND

Annual financial allocation from EMFF:

Allocation year	Main allocation from EMFF	Maximum corresponding contribution from the National budget	Deadline year for spending of the allocation
2015	46,465,937.00	15,488,645.67	2018
2016	23,594,150.00	7,864,716.67	2019
2017	23,976,562.00	7,992,187.33	2020
2018	24,534,471.00	8,178,157.00	2021
2019	24,702,232.00	8,234,077.33	2022
2020	25,148,019.00	7,529,926.50	2023
Total	168.421.371	55.287.710,5	

Budget commitments on October 22, 2018:

FINANCING AGREEMENTS WITH THE BENEFICIARIES: 168

Total eligible value from the FINANCING AGREEMENTS WITH THE BENEFICIARIES: Lei 518,394,414.40
 Value of non-reimbursable contribution from the FINANCING AGREEMENTS WITH THE BENEFICIARIES: 374,199,886.84 Lei (of which EU contribution: Lei 283,240,145.47)
 of which:

➤ Terminated agreements: 4

Total eligible value of terminated agreements: 7,631,347.46 Lei (of which EU contribution: Lei 3,793,531.70)

➤ Completed agreements: 75

Total eligible value of completed agreements: 140,336,820.91 Lei (of which EU contribution: Lei 94,943,989.97)

➤ Agreements under implementation: 89

Total eligible value of agreements under implementation: Lei 370,426,246.02

Degree of commitment of the allocated amounts = 35.82%.

Payments to beneficiaries as of October 22, 2018:

Pre-financing (Lei)		Reimbursements (Lei)		Total (Lei)	Payment installment for the beneficiary %
EU contribution	National contribution	EU contribution	National contribution		
6,590,268.20	2,196,756.07	140,795,733.59	46,931,911.20	196,254,669.05	18.78

Amounts collected from the EC

Pre-financing received from the EC = 10,464,336.01 EUR.

Expenditures declared by the MA to the CA (EUR)		Expenditures certified by the CPA (EUR)		Reimbursement from the EC (EUR)	Effective absorption rate (%)
Public value	EU contribution	Public value	EU contribution		
36,417,226.92	27,312,920.19	25,900,639.02	19,425,479.27	17,482,931.30	12.35

The transformation of the amounts from Lei into EUR in this document was made at the INFOEURO exchange rate corresponding to the month of OCTOBER 2018: 1 EUR = 4.6701 Lei

Risks that may intervene in 2018-2020 in the implementation of POPAM

- risk of “delay/lack of appointment of the MA for POPAM”, which was eliminated as a result of the appointment of MARD as management authority and of the Ministry of Public Finance as certifying authority for the Operational Program for Fishing and Marine Affairs.
- lack of available funds of the applicants/beneficiaries of POPAM;
- private beneficiaries, more precisely commercial fishermen, do not have sufficient revenues to support investments of the type of those co-financed through POPAM (their revenues are limited to the fishing share allocated on the fishing permit), the co-financing rate being of 50%. In order to intensify their information about the measures that have been provided in the national legislation

with regard to payments, the MA will proceed to elaborating a sheet of presentation of the facilities related to payment at invoice and advance up to 50% of the amount of the non-reimbursable financial support and the distribution thereof to fishermen through the ANPA inspectors;

- inoperability on significant periods of the electronic data transmission system used by DGP-MAPOPAM;
- low interest of the local public authorities for the port fishing infrastructure, due to the fact that it can be financed only the modernization of the existing infrastructure, not the creation of new fishing ports, landing docks or auction centers, although the financial support for public authorities is of 100%. In this respect, the MA started discussions with the port authority in Constanta and with the fishermen organizations to identify a possible location.
- significant delays in the MDRAPFE in the operationalization of all modules of the integrated management system SMIS2014+/MySMIS 2014;
- difficulties of the beneficiaries in operating the data in MySMIS 2014;
- temporary malfunctions of the information systems MySMIS 2014, SMIS2014, and so on.
- delay/lack of approval by the EC of the amendments of the targets/operations or budget reallocations for POPAM;
- frequent changes of the legislative and institutional framework;
- excessive bureaucracy.

Romania's contribution to the EU budget

According to the commitments undertaken through the Treaty of Accession of the Republic of Bulgaria and of Romania to the European Union, ratified through Law no. 157/2005, Romania, in its capacity as Member State, participates to the financing of the European Union's budget according to unitary Community rules which are directly applicable on accession date. Thus, as of January 1, 2007, Romania ensures the payment of its contribution for the financing of the budget of the European Union within the system of own resources of the Community budget.

As of 2014, the system of own resources of the European Union is regulated through Decision no. 2014/335/EC, Euratom, which is published both in the original counterpart (EN), and in all the official languages of the Member States (including Romanian), in the Official Journal of the European Union no. L168 of June 7, 2014 (pages 105-111 for the Romanian version).

Romania's contribution to the budget of the European Union for 2019 and estimates for years 2020-2022					
					thousand Lei
Code	Name	2019	2020	2021	2022
55.03.01	Contributions from customs duties	797,508.0	794,056.0	790,603.0	787,151.0
55.03.03	Contributions from the sugar sector	0.0	0.0	0.0	0.0
	Total contributions from traditional own resources	797,508.0	794,056.0	790,603.0	787,151.0
55.03.04	Contributions from the VAT resource	1,089,777.0	1,085,060.0	1,080,342.0	1,075,624.0
55.03.05	Contributions for the correction/discount offered to Great Britain	510,775.0	505,452.0	503,255.0	501,057.0
55.03.06	Contributions from NGR resource	6,107,686.0	6,654,820.0	7,202,966.0	7,449,216.0
55.03.10	Contributions for the discounts in favor of Denmark, Austria, the Netherlands and Sweden	66,639.0	65,344.0	65,060.0	64,776.0
	Total contributions from own resources	8,572,385.0	9,104,732.0	9,642,226.0	9,877,824.0
55.03.07	Additional and unpredictable contributions	55,013.0	0.0	0.0	0.0
	reserves to cover the differences calculated at VAT and NGR balances	55,013.0	0.0	0.0	0.0
55.03	Romania's contribution to the EU budget	8,627,398.0	9,104,732.0	9,642,226.0	9,877,824.0
	Gross Domestic Product ^{*)}	1,022,500,000.0	1,101,000,000.0	1,178,600,000.0	1,261,500,000.0
	Romania's contribution regarding own resources to the EU budget, as Share in the GDP (%), including additional contributions and unpredictable contributions	0.84	0.83	0.82	0.78

^{*)} NCSP - Winter forecast - January 2019

These amounts may suffer changes because, on the one hand, according to Community procedures, automatic technical adjustments will be made of the indicators established in the ACOR - Forecasts meeting, at the time of occurrence of the new macroeconomic indicators estimated by the European Commission, and, on the other hand, the level of the contribution of all Member States, therefore also Romania's, shall be amended according to negotiations at Community level with regard to the total volume of the European Union's budget.

We mention that for years 2021 and 2022 may arise substantial changes, among which the following can be foreseen at this point in time:

- BREXIT - covering the gap left after the UK withdraws from the EU (the equivalent of UK's contribution to the EU budget or another amount, according to the result of the agreement from March 2019);
- The Multi-annual Financial Framework for 2021-2027 - for which negotiations have just started, and it is expected that it will be completed in 2019 or, in the worst case, in 2020. The factors which influence the amount of Romania's contribution to the EU budget are:
 - New own resources - will generate amendments of the share of Romania's contribution to the EU budget in the total Own resources;
 - The increase of the financing ceiling of the EU budget through the system of own resources;
 - Other influences on the Domestic and International Market.

Estimating Romania's contribution to the European Development Fund for 2019-2022

Through Law no. 16/2008, Romania adhered to the Agreement signed in Luxembourg on June 25, 2005 and amending the Partnership Agreement between the members of the groups of countries from Africa, the Caribbean and the Pacific, on the one hand, and the European Community and the Member States, on the other hand, signed in Cotonou on June 23, 2000. In this framework, since 2011 Romania has been contributing to the 10th European Development Fund (EDF 10).

The table below presents the estimation of Romania's contribution to the EDF for the period 2019-2022:

Romania's contribution to the European Development Fund for 2019 and estimate for 2020-2022

Cod	Name				
55.02.05	Romania's contribution to the European Development Fund				
55.02	Current transfers abroad (to international organizations)				

These amounts can be amended according to the decisions taken at Community level with regard to the necessary funds for the payments to the CPA countries.

Romania's net financial position in relation to the EU budget

Evolution of the financial flows between Romania and the European Union (NET FINANCIAL BALANCE)

at December 31, 2018

Amounts received in the MFF^{*)} for 2007-2013

Million EUR

Name	Achieved 2007-2017	Achieved in 2018 (execution at December 31, 2018)	Achieved 2007-2018 (execution at December 31, 2018)
I. AMOUNTS RECEIVED FROM THE EU BUDGET (A+B)	37,066.11	6.55	37,072.66
A. Pre-accession funds	2,711.65	6.54	2,718.20
B. Post-accession funds, of which:	34,354.46	0.01	34,354.46
<i>i) Advances</i>	4,217.07	0.01	4,217.07
<i>ii) Reimbursements (including EAGF)</i>	30,137.39	0.00	30,137.39
B1. Structural and cohesion funds (SCG), of which:	17,254.26	0.00	17,254.26
a) Advances from SCF	2,125.81	0.00	2,125.81
b) Reimbursements from SCF	15,128.45	0.00	15,128.45
B2. Funds for rural development and fishing (EARDF+EFF), of which:	7,734.02	0.00	7,734.02
a) Advances (EARDF+EFF)	593.88	0.00	593.88
b) Reimbursements (EARDF+EFF)	7,140.15	0.00	7,140.15
B3. European Agricultural Guarantee Fund (EAGF)	7,658.82	0.00	7,658.82
B4. Other (post-accession), of which:	1,707.35	0.01	1,707.36
a) Advances	1,497.38	0.01	1,497.39
b) Reimbursements	209.97	0.00	209.97

Amounts received in the MFF for 2014-2020

Million EUR

Name	Achieved 2014-2017	Achieved in 2018 (execution at December 31, 2018)	Achieved 2014-2018 (execution at December 31, 2018)
I. AMOUNTS RECEIVED FROM THE EU BUDGET (A+B+C+D)	8,619.81	4,437.87	13,057.68
<i>i) Advances</i>	1,867.35	69.81	1,937.16
<i>ii) Reimbursements (including EAGF)</i>	6,752.46	4,368.06	11,120.52
A. Structural and cohesion funds (SCG), of which:	2,655.35	1,469.11	4,124.46
a) Advances from SCF	1,511.00	31.08	1,542.07
b) Reimbursements from SCF	1,144.36	1,438.03	2,582.39
B. Funds for rural development and fishing (EARDF+EFF), of which:	2,379.53	1,026.06	3,405.59
a) Advances (EARDF+EFF)	335.61	0.20	335.81
b) Reimbursements (EARDF+EFF)	2,043.92	1,025.86	3,069.79
C. European Agricultural Guarantee Fund (EAGF)	3,013.10	1,768.96	4,782.06

4.9 Public debt and financing of budget deficit⁴⁵

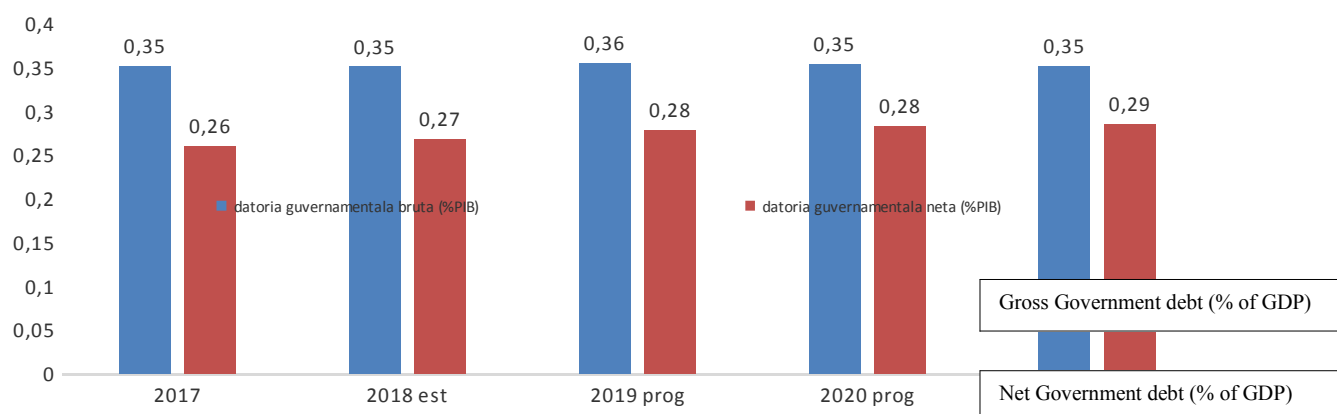
The Government debt (according to the EU methodology)

The Government debt, according to the EU methodology, was at 35.1% of GDP⁴⁶ at the end of 2018, which is clearly less than the 60% ceiling established through the Maastricht Treaty, while the level of the net Government debt (representing the gross Government debt minus the liquid financial assets)⁴⁷ represented 26.8% of GDP. Out of the Government debt, the domestic debt represented 18.7% of GDP at the end of 2018, and the foreign debt was of 16.4% of GDP.

On medium term (2019-2021), the gross Government debt will be below 40.0% of GDP, while the net Government debt will not exceed 28.0% of GDP.

At the forecast of the level of government public debt in GDP were taken into account the debt contracted in their own name by the companies reclassified in the public administration sector at the end of October 2018 of 0.1% of GDP, a level which was extrapolated on the entire period under analysis.

The Government public debt according to the EU methodology (% of GDP)



Source: MPF

The perspective of moderate growth of the government debt on the medium term and of maintenance at a stable and sustainable level is due to the economic growth and to budget deficits calculated in accordance with the EU methodology of up to 3.0% of GDP between 2019 and 2021.

The factors that will determine the level of public debt according to the EU methodology on medium term are presented in the table below:

⁴⁵ the gross Government debt calculated in accordance with the EU methodology, which includes the debt of companies reclassified in the public administration sector.

⁴⁶ GDP updated according to the NIS communication of March 7, 2019

⁴⁷ Financial assets refer to the following instruments: AF1 - gold and DST, AF2 - deposits and cash, AF3 - securities, other than shares, AF5 - shares and other capital participations, if quoted on the stock exchange, including units of mutual funds, according to the methodology for the Convergence Program (April 2018). For the indicator's calculation was used the value of the liquid financial assets at the end of 2017.

% OF GDP	SEC CODE	2017	2018 est.	2019 forec.	2020 forec.	2021 forec.
1. Gross government debt		35.2	35.1	35.5	35.4	35.2
2. Government debt change		-2.1	-0.1	0.4	-0.1	-0.2
Contribution to the gross debt change						
3. Primary balance		-1.6	-1.5	-1.4	-1.3	-1.1
4. Interest	EDP D.41	1.4	1.5	1.4	1.4	1.3
5. Stock-flow adjustments		-5.1	-3.1	-2.4	-2.8	-2.6
<i>Of which:</i>						
- Differences between interests paid and accrual		-0.1	-0.1	-0.1	-0.1	-0.1
- Net accumulation of financial assets		-0.6	0.0	0.0	0.0	0.0
<i>of which:</i>						
- from privatization		0.0	0.0	0.0	0.0	0.0
- Effects of the assessment and others		-4.4	-3.0	-2.3	-2.7	-2.5
p.m. implicit interest rate over debt		4.1	4.7	4.4	4.2	4.0

Source: MPF

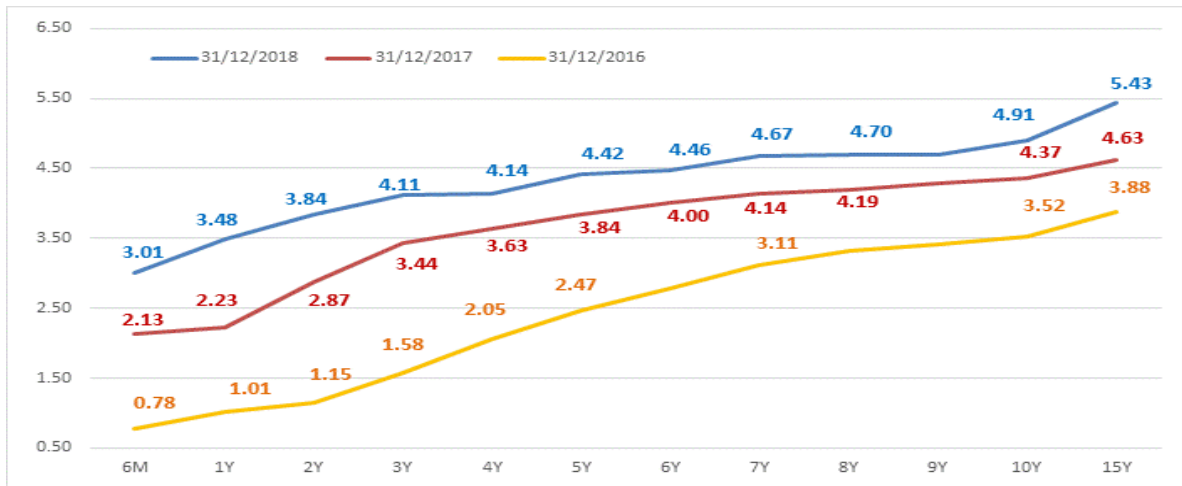
Financing budget deficit

In 2018, in order to fulfill the development objective of the securities market, the financing of the budget deficit was mainly made from domestic sources through the issuance of State securities and from foreign sources as supplementation.

In 2018 were issued State securities denominated in Lei and EUR on the domestic market, with a total value of 47.9 billion Lei ⁴⁸. On the domestic market were launched the first issuances for the population through the network of treasuries and post offices with maturities of 3 and 5 years, which accumulated subscriptions of 1.2 billion Lei. At the end of November 2018 was launched the third issuance of the programme with a maturity of 2 years, cumulating subscriptions of 855 million Lei, under observance of the indicative annual ceiling set for 2018 at 4 billion Lei. On the domestic market, the evolutions on the State securities market, mainly those on short term, reflected the influence exercised by the decisions and actions of the NBR (the monetary policy rate increased three times in January, February, and May, from 1.75% to 2.5%) and by the anticipations of the credit institutions regarding the continued adjustment of the monetary policy conduct, to which were added those from the external environment, characterized by mixed evolutions of the yields of long-term State securities, both in developed economies and at regional level.

Evolution of the yields of State securities on the secondary domestic market, in December 2016 - December 31, 2018

⁴⁸Including State securities dedicated to the population launched through the Tezaur program

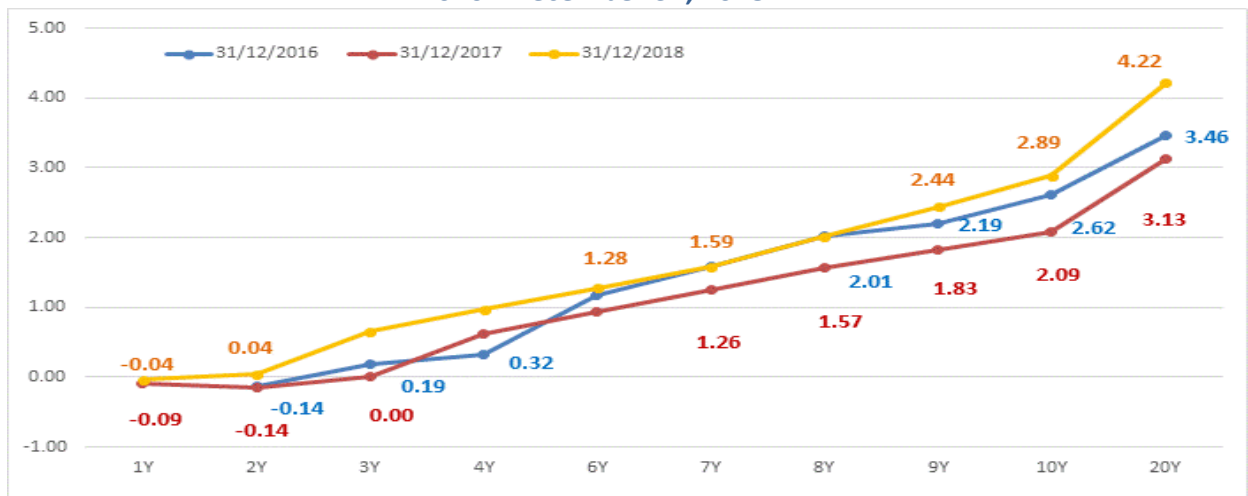


Source: MPF

In 2018, financing on the foreign market was made through issuances of Eurobonds, as follows:

- In February 2018 was made the first issuance, in two installments, denominated in EUR, with maturities of 12 and 20 years, a coupon of 2.50% and 3.375%, respectively, with a total value of 2 billion EUR, of which 0.75 billion EUR for the installment of 12 years and 1.25 billion EUR for the installment of 20 years.
- In June 2018 was launched a new issuance in USD, with a maturity of 30 years and a coupon of 5.125%, amounting to 1.2 billion USD, together with a transaction of anticipated partial redemption of existing bonds in USD with maturity in 2022, a coupon of 6.75% for the amount of 231.11 million USD.
- At the beginning of October was drawn the amount of 1.75 billion EUR through an issuance of Eurobonds in EUR in two series, of which 1.15 billion EUR with a 10 year long maturity, a coupon of 2.875% (yield of 3.029%) and 600 million EUR with a 20 year long maturity, a coupon of 4.125% (yield of 4.234%). The yields achieved indicate a first issuance of approximately 10 base points for both installments, a remarkable result considering daily volatility and the political uncertainties from Italy, which affected the sentiments of the investors.

Evolution of the yields of State securities on the secondary foreign market, in December 2016 - December 31, 2018



Source: MPF

In 2019, similarly to 2018, in order to fulfill the objective of development of the government

securities market, the financing of the State budget deficit and the refinancing of government public debt will be mainly made from domestic sources and, as supplementation, from external sources. The MPF will continue to maintain a flexible approach in performing the financing process, seeking to ensure the predictable and transparent nature of the offer of State securities, especially in order to be able to react promptly and adequately to the possible changes in market tendencies and the investors' behavior.

The financing strategy from domestic sources is mainly considering issuances of State securities denominated in Lei, calibrated to the demand that exists on the market. In order to reduce financing costs and to promote an improved operation of the secondary market, the MPF intends to continue the policy of building a series of liquid benchmark bonds on the entire yield curve, at the same time as a transparent policy of issuance of State securities, seeking to reach volumes per emission with an equivalent value of approximately 2.5 billion EUR, with prior information of the market with respect to the volumes, frequency of launching/reopening of certain categories of maturities. The MPF may open periodically the issuance of State securities denominated in EUR on the domestic market in the framework of an important demand for such instruments coming from the local investors, in the absence of alternative instruments, corroborated with the possible decisions of the NBR to amend the minimum mandatory reserves in foreign currency, thus being created the assumptions of an advantageous maturity/cost ratio for these public debt instruments.

Also, according to the completion of the procedural and operational framework related to the operations on the secondary market at the level of the NBR it is considered the use of operations of the type of anticipated redemptions or exchanges of State securities in order to facilitate the process of refinancing of the series with large accumulated volumes, which become due and accelerating the process of creation of series of State securities of liquid benchmark type. In a similar manner, it is intended to use reverse repo operations for an efficient management of liquidities, on the basis of prior consultation with the NBR, in order to coordinate the policies of financing and managing liquidities with monetary policies.

In order to increase the accessibility of private individuals to purchasing government securities, it is considered to continue the issuance of government securities for the population through the "Tezaur" Program, within the limit of an annual ceiling, both through the operative units of the State Treasury and through the post offices of the National Company "Posta Romana" and the credit institutions, as well as to make it more flexible through the introduction of the possibility of anticipated redemption and transfer of ownership between private individuals.

With regard to external financing sources, the MPF intends to maintain its position on the international capital markets, mainly through issuances of bonds denominated in EUR. The MPF will remain flexible with regard to the moment of accession of the international markets and the volume of external issuances, considering the associated costs, the risk considerations. The issuances denominated in USD/other currencies on the foreign markets will be considered only as a financing alternative and if they offer advantageous cost/maturity conditions, if access to certain maturity segments on the European market becomes limited due to the occurrence of unfavorable external evolutions/events.

At the same time, on medium term, the MPF intends to continue its partnership with the international financial institutions, in order to benefit of the financial advantages that correspond to the products thereof in limiting the costs and extending the maturity of the debt portfolio through the cost and maturity conditions offered, like the IBRD's development policy loans (DPL type and/or other similar instruments), as well as the loans contracted from IFIs for the purpose of financing budget deficit and refinancing government public debt, the amounts being made available on the basis of the implementation of certain measures and/or other actions necessary in the field of sector

reforms.

The sources necessary for refinancing the government public debt will be ensured from the markets where these debts were issued, as well as from the financial reserve in foreign currency available to the State Treasury. In order to improve public debt management and avoid seasonal pressure in ensuring the financing sources for the budget deficit and refinancing government public debt, it is considered to maintain the financial reserve (buffer) in foreign currency available to the State Treasury at a comfortable level, so as to reduce the risks that correspond to the periods characterized by high volatility of the financial markets. On medium term, the level of this buffer will continue to be consolidated so as to cover 4 months of necessary gross financing.

In order to use the derivative financial instruments (currency swap and interest rate swap), for the creation of the legal, procedural and technical framework, the Ministry of Public Finance, acting through the General Directorate of Treasury and Public Debt, has benefited of technical assistance from the Treasury of the World Bank, until June 2018, within the project themed “Developing the capacity for government public debt management through the use of derivative financial instruments” code SIPOCA 10. The project was financed from the European Social Fund, within the Operational Program of Administrative Capacity for 2014-2020. Following the completion of the project, based on the reports supplied by the World Bank, was supplemented the Government Emergency Ordinance no. 64/2007 on public debt with Government Ordinance no. 14/2018, amending and supplementing GEO 64/2007, through the introduction of new definitions and concepts in order to use derivatives and the authorization of the MPF for such transactions.

4.10 Ceilings regarding the main budget indicators between 2019 and 2021

The tables below present limits for certain budget indicators which will form the object of adoption by the Parliament according to art. 26 in the Law on fiscal and budget responsibility, no. 69/2010, republished.

Budget balance ceilings^{*)} on the main component budgets

	2016	2017	2018
Balance of the general consolidated budget (% of GDP)	-2.4	-2.84	-2.91
Structural balance (% of GDP)	-2.2	-3.36	-3.03
Primary ^{**)} balance of the general consolidated budget (mill. Lei)			
Balance of the general consolidated budget (mill. Lei)			
State budget balance (mill. Lei)			
Social insurance budget balance (mill. Lei)			
Health insurance budget balance (mill. Lei)			
Unemployment fund budget balance (mill. Lei)			
Balance of the budget of institutions financed from own revenues (mill. Lei)			

*) The ceilings refers only to the period 2019-2021

***) Excludes interest payments

Note: the structural deficit for 2016-2017 is in accordance with the EC.
For 2018-2022 it is an estimate of the NCP.

In order to observe the target budget deficit for 2019-2021, certain annual limits were proposed for the administrative-territorial units (ATU), both for the contracted value of the reimbursable financing which shall be contracted by them, and limits of budget expenditures that correspond to drawings from reimbursable financings contracted or which shall be contracted by the ATU.

Considering the growth perspective of the national economy, we estimate that the Government debt according to the EU methodology will be situated at a stable and sustainable level and, as such, we propose ceilings of at most 40.0% of GDP for the period 2019-2021, while for the reduction of the budget risk resulting from the payments which should be made by the MPF and the ATU on account of the guarantees issued in accordance with GEO no. 64/2007 on public debt were proposed the following ceilings:

Ceilings for: Government debt, contracted loans and awarded guarantees

Plafone pentru: datoria guvernamentală, împru	
	2016
Public debt (EU methodology) - % of GDP	37,3
Reimbursable financing contracted by the administrative-territorial units/subdivisions *) – mill. Lei –	927,8
Drawdowns from the reimbursable financing contracted or which shall be contracted by the administrative-territorial units/subdivisions *) – mill. Lei	939,4
Guarantees issued by the Ministry of Public Finance and the administrative-territorial units – mill. Lei -	

*) Does not include the reimbursable financing dedicated to refinancing local public debt and that dedicated to projects which benefit from external non-reimbursable funds from the European Union, including those included in the Greek Plan of Reconstruction and Economic Development of the Balkans – HIPERB, as well as those dedicated to projects that benefit of external non-reimbursable funds from European donors within inter-governmental programs.

Note: The values for the financing contracted by the ATUs and those for the drawdowns that correspond to years 2019, 2020, and 2021 were approved through GD no. 925/2018 approving the annual limits corresponding to years 2019, 2020, and 2021 for the reimbursable financing that can be contracted and for the drawdowns from the reimbursable financing contracted or which shall be contracted by the administrative-territorial units/subdivisions.

The ceilings regarding total and personnel expenditures of the general consolidated budget, excluding financial assistance from the European Union and other donors, are presented in the table below.

**Ceilings*) regarding the personnel expenditures and the total expenditures,
exclusive of financial assistance from the EU or other donors**

	2016	2017	
General consolidated budget	235.263,0	258.975,4	29
- Personnel expenditures	57.068,4	69.611,4	8
- Personnel expenditures in % of GDP	7,5	8,1	
State budget			
- Personnel expenditures			
Centralized budget of the administrative-territorial units			
- Personnel expenditures			
Social insurance budget			
- Personnel expenditures			
Unemployment insurance budget			
- Personnel expenditures			
Budget of the National single fund of health insurance			
-personnel expenditures			
Budget of the institutions/activities financed from own revenues			
- Personnel expenditures			
Other budgets that make up the general consolidated budget			

*) The ceilings refer only to the period 2019-2021

4.11 Possible fiscal and budgetary risks associated with the Fiscal and budgetary strategy for 2019-2021

The budget estimates and the economic forecasts which form the basis of elaboration of the *Fiscal and budgetary strategy for 2019-2021* may deviate from the levels from the **basic scenario**, as a result of the possible materialization of numerous risks which might occur both from foreign and domestic sources, with different implications for the evolution of public finance.

Macroeconomic risks

Risks associated with the economic perspective for Romania

The risks which can affect the real economy and implicitly the economic growth objective are mainly of **external nature**. The Romanian economy, as part of the European economy, depends on the international economic context and especially on the economic growth in the main commercial partner countries.

One first risk on medium term is represented by the conditions under which shall be made **Great Britain's exit from the EU**. The provisions of the draft agreement show that in terms of commercial changes there are no adverse factors, at least until 2022. Thus, the estimates of the European

Commission and of the National Commission for Strategy and Prognosis, which indicate a moderate impact of Brexit, assessed at maximum 0.2% of GDP on the whole EU (lower in the case of Romania), might prove in the end to be even lower. Moreover, protection of Romanian workers' rights in Great Britain, according to the draft agreement, will have a positive effect on the current account of the payment balance.

For years 2019 and 2020, it is expected a robust growth of the global economy, slightly slowed compared to years 2017 and 2018, respectively of 3.7% every year, according to the WEO published by the IMF in October 2018 and of 3.5% yearly in the case of the Autumn Forecast of the European Commission.

Nevertheless, the negative risks related to the world context are growing in the framework of high uncertainty with regard to the United States' economic and commercial policies. A possible overheating of the American economy might trigger a faster worsening of the monetary policy, with negative impact on emerging markets, determined by the migration of capital flows from these areas towards the USA, attracted by bigger interests. Considering the open nature of the EU's economy, it would also be affected.

The deterioration of the current account of the United States might escalate commercial disputes, and this would mainly affect China. Also, uncertainty could be amplified at world level, with an effect on investors' trust, investments and economic growth.

At the domestic level, risks are generally positive.

Also, the recovery of demand on the real estate market, on the housing segment, might trigger a relaunch of constructions activity.

Domestic risks associated with the evolution of inflation are given by the occurrence of unfavorable meteorological conditions with an effect on the prices of agro-food products, in the framework in which the forecast considers the normal agricultural years and the consequences of the African swine fever. At the same time, international events which amplify geopolitical tensions might lead to a depreciation of the exchange rate. These risks may lead to inflation rates over the forecasted level.

Sensitivity of budget forecasts to the variation of key macroeconomic variables

Sensitivity of Government revenues for different scenarios and hypotheses

Given that collections from taxes and charges are closely correlated with the evolution of the employment rate in the economy, of average earnings and of economic growth, the table below presents the impact on the budget revenues of the variation of economic variables considered independent, based on year 2017.

Compared to the basic scenario, the highest risk in case of reduction of the economic indicators is associated with the collections from value-added tax and the social insurance contributions.

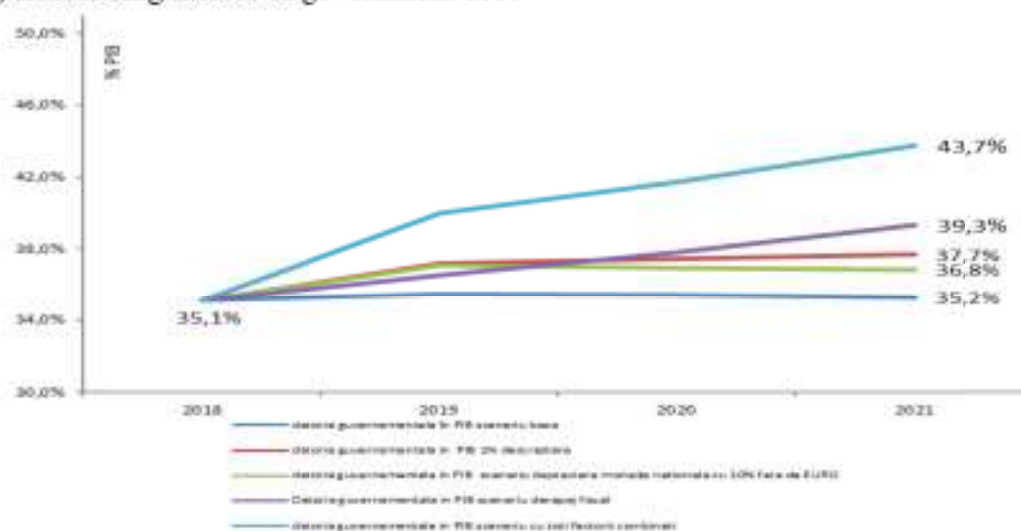
Category of taxes and charges	Macroeconomic base	Changes of the macroeconomic base (percentage points)	Changes of the revenues (% of GDP) 2018
Personal income tax	Gross average salary	Reduced by 1 p.p.	-0.034
	Employment level	Reduced by 1 p.p.	-0.029
2. Social insurance contributions	Gross average salary	Reduced by 1 p.p.	-0.081
	Employment level	Reduced by 1 p.p.	-0.083
3. Corporate income tax	GDP	Reduced by 1 p.p.	-0.022
4. Value-added tax	GDP	Reduced by 1 p.p.	-0.096

Source: MPF

Sensitivity of gross Government debt and interest payments compared to the changes of macroeconomic variables

The sensitivity analyses on the Government public debt portfolio⁴⁹ consider the following factors: 1) the influence of economic growth, of the depreciation of the national currency, as well as of the fiscal slippage on the government debt balance, and 2) the influence of the depreciation of the national currency and of the amendment of the interest rates on interest payments, according to EU methodology (SEC2010).

1) Influencing factors of government debt



Source: MPF

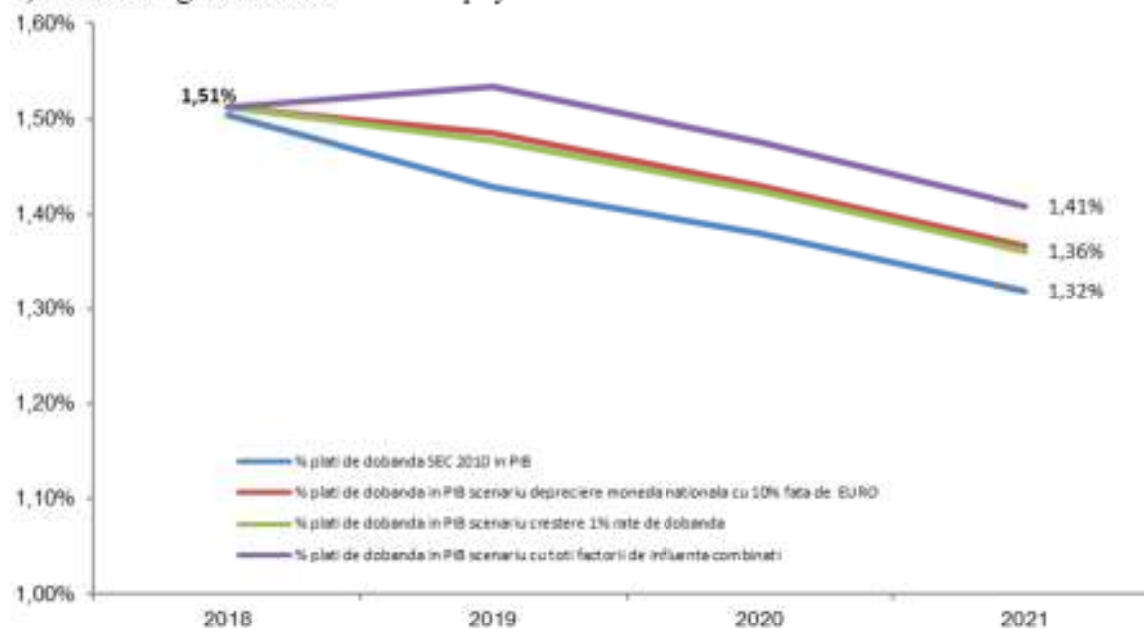
In the chart above it can be noted that the influence of an economic decrease of 1% of GDP would have a negative impact on the indebtedness level, of increase by 2.2% of GDP in 2020, and the depreciation of the national currency by 10% compared to EUR⁵⁰, the main foreign currency in which the Government debt in foreign currency is denominated, would cause the increase of government debt by 1.6% of GDP in 2021. A fiscal slippage transposed into a cash deficit to finance of 3.8%⁵¹ of GDP in 2019-2020 would lead to an increase of the indebtedness degree by up to 4.1% of GDP in

⁴⁹All indicators are calculated in accordance with the EU methodology

⁵⁰The other foreign currencies in which debt is denominated follow the same tendency of appreciation

2021, while the combined influence of these factors on the weight of government debt in GDP determines an increase of this indicator by 8.5% of GDP in 2021.

2) Influencing factors over interest payments



Source: MPF

In the chart above it can be noted that the depreciation of the national currency relative to EUR⁵² would have a low negative impact on interest payments, within the meaning of increasing the weight thereof in the GDP by up to 0.05 % of GDP in 2021, while the increase of interest rates by 1% would lead to an increase of the weight of interest payments in GDP by up to 0.04% in 2021. The combined influence of these factors on interest payments would cause an increase of these payments by 0.09% of GDP in 2021.

Long-term sustainability of public finance

Public finance viability for the Member States of the European Union is analyzed once every three years, both in the Fiscal Sustainability Report and in the Population Aging Report, which comprises economic and budgetary forecasts for the 28 Member States of the European Union. The report on fiscal sustainability of 2015 emphasized for Romania the absence on short term of risks against sustainability, a low level thereof on medium term and a moderate level on the forecast horizon, namely until 2060. The level of public debt is forecasted to remain significantly below the reference value of 60% of GDP, but measures of consolidation could be considered in order to limit the increase o costs due to population aging (especially pension costs).

With regard to the Report on population aging, the projections for the new exercise of 2018 estimate that the share of pension expenditures in GDP will be maintained until the end of the projection period (year 2070, starting with the current round of projections), below the EU average. Risks would increase if the primary structural balance came back to the values registered in 1998-2012.

⁵¹ The determination of this indicator took into account the summer forecast of the EC, which estimates for 2019 an ESA2010 deficit of 3.8 of GDP

⁵² The other foreign currencies in which debt is denominated follow the same tendency of appreciation

Compared to the 2015 exercise, for which 26 of the 28 Member States foreseen a total variation of budget costs related to population aging decreasing compared to the previous exercise (2012), the current round of projection presents a balanced share, of course in the framework of extension of the forecast horizon by 10 years. The general effort among the Member States continues to remain in the direction of adjustments and reforms from the pensions, health and social assistance sectors.

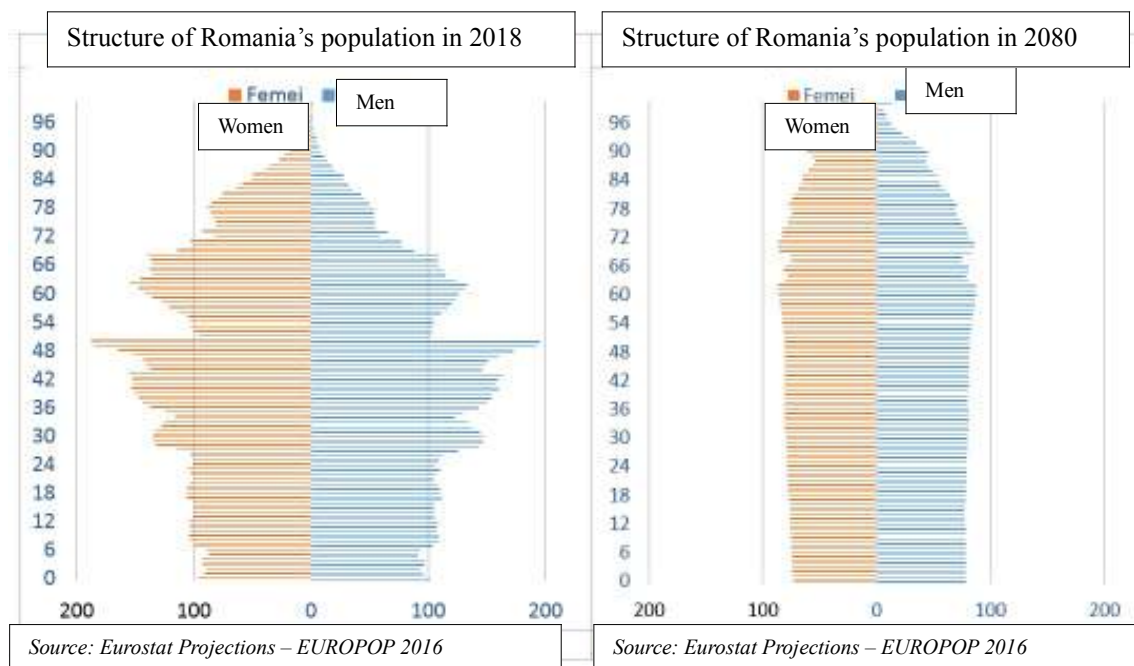
The updated projection of increase of expenditures strictly related to population aging indicates for Romania an increase of 2.2 p.p. of GDP for the period 2016-2070 (compared to 2.1 p.p. variation forecasted in the previous exercise for the period 2013-2060). The European average being of 1.8 p.p. on both rounds). On the main expenses components:

0.7 p.p. of GDP represented by the increase of pension expenditures (the European average being of -0.2 p.p.)

1.2 p.p. of GDP are represented by the increase of health and long-term care expenditures (the European average is of 2.1 p.p.);

0.3 p.p. of GDP are represented by the increase of educational expenses (the European average is of 0.0 p.p.).

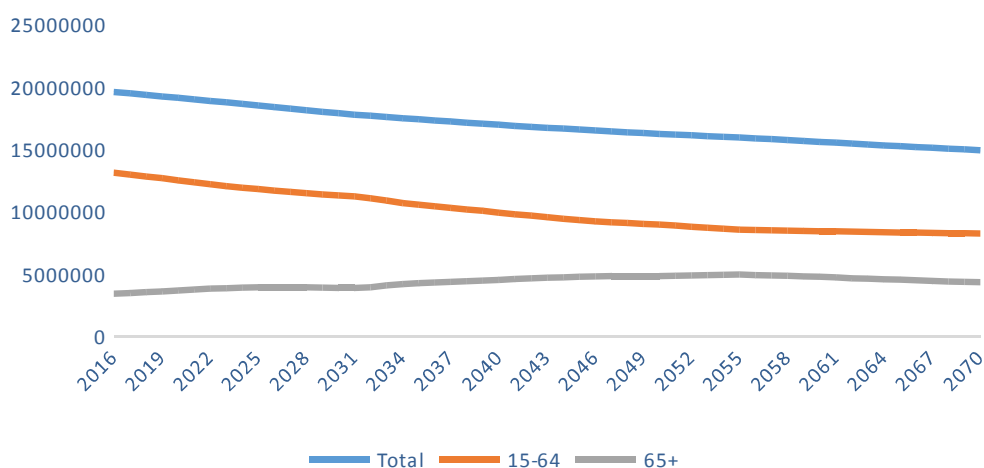
Compared to the evolutions at European level, the rhythm of increase of expenses related to population aging is marked in Romania by a more accentuated overturn of the age pyramid.



Demographic changes will change the structure of Romania's population. The amplitude and speed of population aging depend on the future tendencies with regard to life expectancy, fertility and migration.

The fast aging process will change the ration between the population at retirement age and the active population, which will lead to major changes in the age structure and to negative implications on the labor market. The ratio between people aged over 65 years and those at working ages (15 to 64 years) increases significantly, which means that in the perspective of the following years the public pension system will have much reduced resources relative to expenditures.

Graphic Population evolution



Source: Eurostat- EUROPOP 2016

The composition on ages of the population will be profoundly affected in 2016-2070: the share of working aged population (15-64 years) will record a significant decrease of 11.8 percentage points in the period of the forecast interval, while the share of population older than 65 will increase during this interval by 11.6 percentage points.

The population's aging process is also a consequence of the low fertility level: in 2015, the fertility rate was of 1.58 children per woman, being below the optimal reproduction level. It is projected to increase to 1.89 in 2070, according to Eurostat estimates.

The results of the demographic forecast offered by Eurostat for Romania⁵³, indicates a significant decrease of the population, by 4.7 million people less in 2070 compared to year 2016. Although the young population is decreasing, due to the ever lower number of women at fertility ages, there are a series of positive signals of increase of the fertility rate.

Table - Demographic indicators

	2013	2020	2030	2040	2050	2060
Fertility rate	1.65	1.73	1.79	1.81	1.82	1.83
Population - total mill.	20.02	19.69	19.00	18.46	17.97	17.44
of which:						
Men	9.76	9.59	9.26	9.02	8.81	8.57
Women	10.26	10.10	9.74	9.44	9.16	8.87
Life expectancy at birth						
Men	70.8	72.8	75.4	77.8	80.0	82.0
Women	77.9	79.5	81.6	83.5	85.1	86.7
Life expectancy at 65 years of age						
Men	14.5	15.5	16.9	18.3	19.6	20.8
Women	17.8	18.8	20.1	21.4	22.7	23.9

Source: Eurostat- EUROPOP 2013

According to Eurostat estimates (EUROPOP2016), in Romania, life expectancy at birth for men is estimated to increase by approximately 12 years throughout the projection period, from 71/2 in 2013 to 86/6 years in 2070. Life expectancy at birth is estimated to increase by 10 years for women, from

⁵³ Eurostat- EUROPOP 2013

78/5 years in 2015 to 88/3 years in 2070, which indicates a slight convergence of life expectancy between men and women. Life expectancy at 65 years is foreseen to evolve as follows:

Men 14/5 years (2015) - 22/0 years (2070)

Women 17/9 years (2015) - 25/1 years (2070)

On medium and long term, the evolution of the pensions sector is strongly influenced by the demographic perspectives given by the evolution of the natality rate and of life expectancy and by the unavoidable process of population aging.

Table 11 - Long-term forecast of pension expenses

	2016	2017	2020	2030	2040	2050	2060	2070
Pension pillar 1	8.0	7.3	7.3	6.6	7.7	8.7	8.9	8.7
Pension pillar 2	-	-	-	0.2	0.5	0.8	1.0	1.1

Source: National Commission of Strategy and Prognosis

The results estimated through the pension model indicate an increase of the weight of pension expenses from pillar 1, from 8.0% of GDP in 2016 to approximately 9.0% of GDP in the middle of the 2050-60 decade, followed by a gradual decrease towards the end of the forecast period until the weights at the end of years 2040 (8.7%).

Pension pillar 2 will have a more and more significant weight in the total pension expenses, reaching a weight of 1.1% of GDP at the end of the forecast horizon.

The projections included in the Report on population aging, edition 2018, whose results are presented in this chapter, were made before the promotion of the fiscal measures entered into force at the beginning of year 2018 and without considering the proposals of increase of the pension point in accordance with the new draft Pensions law.

The analysis from the perspective of the Report of the European Commission on Fiscal Sustainability, 2015 edition, confirms the absence of significant short-term risks, in spite of certain sensitivities related to the net international investment position, public debt and nonperforming loans. Nevertheless, considerable risks are foreseen on medium term. The debt sustainability analysis reveals an increase of debt up to over 60% of GDP on the horizon of year 2026, combined with the risks emphasized by sensitivity tests, especially by the negative shocks that might threaten the primary balance. The simulation of simultaneous shocks against growth, the interest rate and the primary balance leads to a share bigger than 70% of public debt in GDP in year 2020. Nevertheless, it is assessed that through a convergence towards the Medium Term Objective, in accordance with the preventive instrument of the Stability and Growth Pact and following the fiscal adjustment line indicated by the Commission's Communication on flexibility of the Stability and Growth Pact, Romania's public debt would decrease to 35% of GDP in 2026. On the other hand, the analysis of the gap indicator of medium term sustainability draws attention on the risks caused by the unfavorable initial budget position and, partially, by the projected public expenditures related to population aging. In conclusion, the European Commission considers that Romania's risks related to sustainability are high on medium term. On long term, these risks are assessed at medium level and derive especially from the unfavorable initial position, being increased by the public expenditures for population aging, especially those related to health care and long term care.

The budgetary risk resulting from payments that could be made by the MPF in its capacity as guarantor, for guarantees issued by the State

The balance of public debt guaranteed by the Government, through the MPF and by the administrative-territorial units, according to GEO 64/2007, on public debt, is the following:

The size of the Government guarantees awarded according to the national legislation

	2017	2018 est.	2019 forec.	2020 forec.	2021 forec.
I. Balance of guaranteed public debt at the end of the period*)					
- billion Lei -	18.1	19.0	26.1	33.2	40.3
- % of GDP	2.1%	2.0%	2.5%	3.0%	3.4%
II. GDP (billion Lei)					
	856.7	940.5	1,022.5	1,101.0	1,178.6

*) the guarantee projection was based on the value estimated by the MPF for issuance of new guarantees

Source: MPF

Considering the decreasing stock of State guarantees issued in the past for the loans contracted by the companies and the very low degree of payments made by the MPF in its capacity of Guarantor on account of the guarantees issued within Government programs, the estimates regarding payments that shall be made from the State budget on account of these guarantees are at a level of 0.01% of GDP between 2019 and 2021. The assumptions of this scenario also considered the State guarantees issued within the Governmental guarantee programs, of which the “Prima Casa” (First Home) program is the most important.

Payments of the MPF in its capacity as guarantor for the guarantees issued by the State

	2017	2018 est.	2019 forec.	2020 forec.	2021 forec.
I. Payments of the MPF in its capacity as guarantor for the guarantees issued by the State*)					
- million Lei -	109.2	83.5	98.6	77.2	79.6
- % of GDP	0.01%	0.01%	0.01%	0.01%	0.01%
II. GDP (million lei)					
	856,700	940,500	1,022,500	1,101,000	1,178,600

Source: MPF

*) Includes all payments of the MPF in its capacity as guarantor, including those from the risk fund

Risks that correspond to the absorption of European non-reimbursable funds

The main risks related to the absorption of European non-reimbursable funds refer to the low absorption capacity and the risk of disengagement of funds allocated to Romania.

At the same time, risks of operational nature can intervene. Examples of such risks, that might intervene between 2018 and 2020, are presented below and refer to the implementation of the Operational Program of Fishing and Marine Affairs (POPAM):

lack of available funds of the applicants/beneficiaries of POPAM;

private beneficiaries, more precisely commercial fishermen, do not have sufficient revenues to support such investments (their revenues are limited to the fishing share allocated on the fishing permit), the co-financing rate being of 50%. In order to intensify their information about the measures that have been provided in the national legislation with regard to payments, the MA will proceed to elaborating a sheet of presentation of the facilities related to payment at invoice and advance up to 50% of the amount of the non-reimbursable financial support and the distribution thereof to fishermen through the ANPA inspectors;

inoperability on significant periods of the electronic data transmission system used by DGP-MAPOPAM;

low interest of the local public authorities for the port fishing infrastructure, due to the fact that it can be financed only the modernization of the existing infrastructure, not the creation of new fishing ports, landing docks or auction centers, although the financial support for public authorities is of 100%. In this respect, the MA started discussions with the port authority in Constanta and with the fishermen organizations to identify a possible location;

significant delays in the MDRAPFE in the operationalization of all modules of the integrated management system SMIS2014+/MySMIS 2014;

difficulties of the beneficiaries in operating the data in MySMIS 2014;

temporary malfunctions of the information systems MySMIS 2014, SMIS2014, and so on.

delay/lack of approval by the EC of the amendments of the targets/operations or budget reallocations for POPAM;

frequent changes of the legislative and institutional framework;

excessive bureaucracy.

Implemented measures or in process of implementation

In order to avoid the risk of disengagement of funds allocated to Romania - the main risk which refers to the absorption of European funds - was taken the measure of reallocation of funds towards the sectors with maximum absorption potential, both within and among the operational programs.

Therefore, were supplemented the allocations for the Operational Regional Program (POR), being supported in addition the expenditures for technological transfer entities, entrepreneurial activities and transition towards a low carbon dioxide emissions economy, as well as those for increasing the efficiency of human resources involved in the system of coordination, management and control of ESI funds.

Another measure was the implementation of financial instruments within the Operational Program of Competitiveness (the, based on crediting with risk distribution and risk capital instruments – accelerators, and within the Regional Operational Program of uncapped guarantee instrument and equity type financial instruments.

Also, in order to increase the absorption capacity in the Operational Program of Fishing and Marine Affairs (POPAM), among the other measures were provided risk management and assessment and implementation of internal control mechanisms.

Planned measures

Among the measures planned for implementation of ESI funds, in order to reduce the amounts at risk of disengagement (Emergency Ordinance no. 43/2018 – measures of reduction of the risk of disengagement of European funds) are provided:

- including the Operational program “Initiative for SMEs” (POIIMM) as priority axis in the POR, so that the expenditures already reimbursed by the European Commission for the POIIMM can be reported as expenditures realized in the POR, which contributes to the reduction of the amounts at risk of disengagement;

- Analysis of each operational program and reallocation of funds to the sectors with maximum absorption potential, both within and between the operational programs, in order to avoid the risk of disengagement of funds allocated to Romania;

Starting a training process for the beneficiaries, based on a guide on the main risks identified in the field of public procurement, in order to prevent the errors found in the implementation of the procedures related to public procurement within the projects financed from structural instruments, as well as the assurance of unitary practice in the future;

- Initiating Cooperation Programs that correspond to the EU’s cohesion policy, financed from the ERDF in order to improve risk prevention and disaster management (Cooperation in the field of risk prevention and disaster management);

- Implementation of IPA Program of cross-border cooperation between Romania and Serbia for 2014-2020, one of the four priority axes being environmental protection and risk management.

Risks associated with the sector of State-owned companies

The data regarding the sector of State-owned companies were obtained on the basis of the financial statements for year 2017 submitted until January 11, 2019 to the Ministry of Public Finance by the public enterprises of central and local subordination, supplied by the National Center for Financial Information.

The number of non-financial public enterprises (economic operators) that submitted financial statements is of 1565.

Public enterprises were grouped as follows:

334 public enterprises of central subordination. Among them:

- * 220 public enterprises were active

- * 114 public enterprises were in different stages of insolvency, bankruptcy, judicial reorganization, dissolution, according to Law 85/2014, as subsequently amended and supplemented;

1231 public enterprises of local subordination. Among them:

- * 1096 public enterprises were active

- * 135 public enterprises were in different stages of insolvency, bankruptcy, judicial reorganization, dissolution, according to Law 85/2014, as subsequently amended and supplemented;

The main economic and financial indicators reported by the non-financial public enterprises (economic operators)

1. Own capital of the non-financial public enterprises amounted to a total of 60.96 billion Lei and represents 7.10 % of the Gross Domestic Product (GDP), of which the own capital of the enterprises of central subordination was of 60.93 billion Lei and represents 7.10 % of GDP, and the own capital of public enterprises of local subordination amounted to 0.03 billion Lei;

2. Total assets of non-financial public enterprises amounted to a total of 180.80 billion Lei, of which the total assets of public enterprises of central subordination amounted to 148.83 billion Lei, and the total assets of public enterprises of local subordination were of 31.97 billion Lei.

3. Total debts (amounts which must be paid within a period of up to 1 year and over 1 year) of non-financial public enterprises amounted to a total of 55.13 billion Lei, of which the total debts of public

enterprises of central subordination amounted to 39.43 billion Lei, and the total debts of public enterprises of local subordination were of 15.70 billion Lei.

Of the total debts, outstanding payments of non-financial public enterprises amounted to a total of 23.87 billion Lei and represent 2.78% of GDP. Among them, the outstanding payments of public enterprises of central subordination amounted to 15.85 billion Lei and represent 1.84% of GDP, and the outstanding payments of enterprises of local subordination were of 8.02 billion Lei and represent 0.93% of GDP.

Of the total outstanding payments of enterprises of central subordination, the amount of 3.89 billion Lei was registered by 220 active public enterprises and the amount of 11.96 billion Lei was registered by 114 public enterprises undergoing different stages of insolvency, bankruptcy, judicial reorganization, dissolution, according to Law no. 85/2014;

Of the total outstanding payments of enterprises of local subordination, the amount of 1.13 billion Lei was registered by 1096 active public enterprises and the amount of 6.89 billion Lei was registered by 135 public enterprises undergoing different stages of insolvency, bankruptcy, judicial reorganization, dissolution, according to Law no. 85/2014;

4. The indebtedness degree calculated according to the formula (Total Debt/Total Assets) of non-financial public enterprises was of 30.49% of which public enterprises of central subordination register an indebtedness degree of 26.50%, and public enterprises of local subordination register an indebtedness degree of 49.10%.

5. With regard to gross loss/gross profit registered by non-financial public enterprises in 2017, the data analysis reveals the following:

a) Of the 334 public enterprises of central subordination, a number of 209 public enterprises registered gross profit amounting to a total of 9.47 billion Lei, representing 1.10% of GDP, and a number of 125 public enterprises registered gross loss amounting to a total of 1.50 billion Lei, representing 0.17% of GDP.

b) Of the 1231 public enterprises of local subordination, a number of 700 public enterprises registered gross profit amounting to a total of 0.58 billion Lei, representing 0.07% of GDP, and a number of 531 public enterprises registered gross loss amounting to a total of 0.45 billion Lei, representing 0.05% of GDP.

6. The value of State participations in non-financial public enterprises of central subordination which submitted their financial statements for 2017 was of a total of 27.94 billion Lei, of which direct participations were of 26.41 billion Lei and indirect participations were of 1.53 billion Lei;

In the Ministry of Public Finance were monitored 405 non-financial public enterprises of central subordination, which registered at the end of 2017 outstanding payments amounting to a total of 15.24 billion Lei and a gross result of a total of 7.80 billion Lei.

Of the 450 public enterprises of central subordination, the outstanding payments of 3.97 billion Lei were registered by 220 active public enterprises, and the amount of 11.27 billion Lei was registered by 185 public enterprises undergoing different stages of insolvency, bankruptcy, judicial reorganization, dissolution, according to Law no. 85/2014;

Were also monitored 1441 non-financial public enterprises of local subordination which registered at the end of 2017 outstanding payments amounting to a total of 8.47 billion Lei and a gross result of a total of 0.32 billion Lei.

Of the 1441 public enterprises of local subordination, the outstanding payments of 1.15 billion Lei were registered by 1228 active public enterprises, and the amount of 7.32 billion Lei was registered by 213 public enterprises undergoing different stages of insolvency, bankruptcy, judicial reorganization, dissolution, according to Law no. 85/2014;

Main economic and financial indicators reported by financial public enterprises

The State owns share capital in a majority or entire proportion in 7 financial public enterprises.

1. Their own capital amounted to a total of 3.27 billion Lei and represents 0.38 % of GDP;
2. Total assets amounted to a total of 39.06 billion Lei.
3. Total debt (amounts which must be paid within a period of up to 1 year and over 1 year) were of a total of 33.97 billion Lei.
4. The indebtedness degree calculated according to the formula (Total Debt/Total Assets) was of 86.96 %.
5. The gross profit amounted to a total of 0.26 billion Lei and represents 0.03% of GDP;
6. The value of State participations was of a total of 2.96 billion Lei of which direct participations were of 2.88 billion Lei and indirect participations were of 0.08 billion Lei;

The GDP used is of 858.7 billion Lei (according to the projection of the main macro-economic indicators for 2018-2022 interim summer forecast for 2018 – source: National Commission for Strategy and Prognosis.

Risks generated by emergency situations (natural disasters, accidents)

System of management of risks generated by emergency situations in Romania

In Romania, the system of risk management⁵⁴ comprises a series of institutions belonging to the central public administration, as well as to the local one. The institutional capacity and the resources thereof are important due to the imminence of certain types of emergency situations, which have a repetitive model in Romania and an important impact on people, the environment and social and political stability. The system was created to ensure efficient management of any type of emergency situation and, also, to cover the obligations Romania has as part of international treaties and agreements, especially as Member State of the European Union. It also includes an European risk prevention system, considering the cross-border nature of contemporary risks.

The Ministry of Internal Affairs elaborates the main public policies related to emergency situations, as well as the centralization of the assessment and management of risks whose management is under the responsibility of line ministries. Some of the line ministries which must fulfill positions of support in the management of emergency situations are: The Ministry of Regional Development and Public Administration, the Ministry of Environment, the Ministry of Agriculture and Rural Development, the Ministry of Health, the Ministry of Economy.

The main piece of legislation regulating the field of emergency situations is Government Emergency Ordinance no. 21/2004 on the National System of Management of Emergency Situations, amended and supplemented through Government Emergency Ordinance no. 1/2014 on certain measures in the field of management of emergency situations. To supplement the legislative framework was adopted

⁵⁴In accordance with legislative provisions: GD no. 762/2008 on the approval of the National Strategy of Prevention of Emergency Situations; Government Decision no. 557/2016 on the management of types of risk; Emergency Ordinance no. 1/2014 on certain measures in the field of management of emergency situations and amending and supplementing Government Emergency Ordinance no. 21/2004 on the National System of Management for Emergency Situations.











Government Decision (G.D.) no. 557/2016 on the management of types of risk. According to these legislative acts, the institutions have defined the obligation of elaborating sector plans to offer them the basis for managing specific emergency situations. The entire process is coordinated by the National Committee for Special Emergency Situations (CNSUS).

In accordance with the regulations in force, there are a series of risks recognized by the Romanian legislation which are taken into account as being probable to occur on Romanian territory.

A number of 10 types of hazards were selected on scientific bases from this list to be subject to assessment. The assessments were based on historical data with regard to the impact of every risk, as well as on different assessments at the level of the relevant institutions.

The table below presents the 10 types of hazards selected following the assessments.

Table - Characteristics related to the risks generated by emergency situations, selected for Romania

10 types of hazards selected among the hazards probable to occur on Romanian territory	Impact axis		Probability axis		Position coordinates in the risk matrix: (impact score, probability score)	Symbol
	Impact level	Score Impact	Probability associated with the type of risk	Score probability		
Natural hazards						
Floods	high	3	average	3	(3.3)	
Drought	average	3	low	2	(3.2)	
Forest fire	low	2	high	4	(2.4)	
Land slides	low	2	average	3	(2.3)	
Earthquakes	high	4	moderate to low	2	(4.2)	
Technological hazards						
Nuclear and radiological accidents	high	4	low	1	(4.1)	
Seveso type accidents	average	3	low	1	(3.1)	
Major risks and accidents involving dangerous substances	average	3	low	1	(3.1)	
Biological risks						
Epidemics	low	2	high	5	(2.5)	
Epidemics at animals and Zoonoses	low	1	high	4	(1.4)	

Source: MIA - "Assessment of disaster risks at national level (RO-RISK)"

Evaluarea impactului în cazul producerii unui eveniment de tip dezastru

MAI, prin IGSU, împreună cu alte autorități publice centrale și cu sprijinul mediului academic, după derularea proiectului RO-RISK⁷ a asigurat îndeplinirea unei condiționalități ex-ante impuse României și dispune de evaluarea națională a riscurilor concretizată prin cuantificarea impactului fizic, economic, social și psihologic, generat de următoarele 10 tipuri de risc majore/dezastre: *cutremur, inundații, secetă, incendii de pădure, alunecări de teren, accident nuclear și radiologic, accidente industriale majore ce implică substanțe periculoase (SEVESO), transportul substanțelor periculoase, epidemii și zoonoze.*

Evaluarea riscurilor de dezastre la nivel național prin proiectul Ro-Risk furnizează informații valoroase prin aceea că arată măsura în care populația este expusă riscurilor naturale și tehnologice. Proiectul presupune dezvoltarea unui set de instrumente pentru evaluarea unitară a riscurilor și de integrare a rezultatelor evaluărilor pe fiecare risc în parte (metodologie, baze de date, portal GIS), precum și o primă evaluare a acestora. Aceste instrumente vor facilita accesul tuturor factorilor interesați la informații importante privind expunerea la risc, vulnerabilitățile și riscurile existente și vor asigura schimbul de informații între autorități.

In the aforementioned project, the direct impact was assessed through the contribution of the consortium consisting of the Technical Constructions University in Bucharest, the National Research and Development Institute in Constructions, Urbanism and Development for Earth Physics, and the economic impact was assessed by the Institute of Prognosis of the Romanian Academy.

Of all the risk types mentioned, we consider earthquake to be relevant, which, according to the scenario with the biggest level of seriousness on communities (major disaster), would cause direct losses with a total value of approximately 14 billion EUR (over 2/3 of the country's area would be seriously affected, 14% of the total buildings distributed in the ATUs of the area would be significantly affected, significant losses of human lives).

In the case of materialization of the selected hazards, the impact can be: physical, economic, social, or psychological.

Physical impact refers to the negative physical effects of a risk event on the exposed elements.

The economic impact refers to the costs associated with human losses, the costs associated with direct material losses, the costs associated with environmental losses, the costs for intervention of load forces and indirect costs.

The social and psychological impact consists of disturbances of the daily life and psychological impact.

Probability

The calculation of probability has the result of identifying the possibility for a risk event to occur within a pre-established time interval, considering the available information.

Event probability is measured in stages, on a scale from 1 to 5 (1 - low, 5 - high).

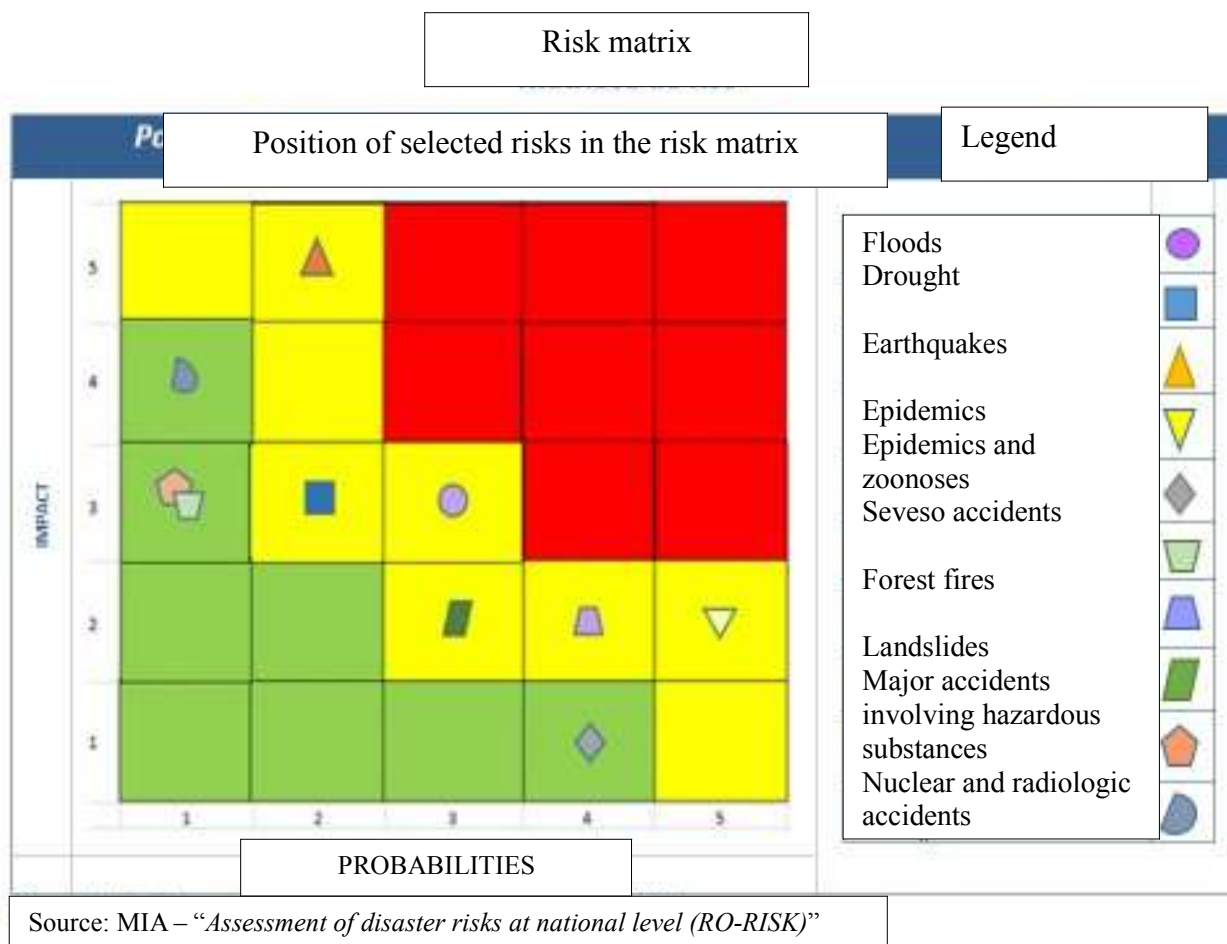
Risk matrix

The risk matrix is the instrument recommended to represent, compare and then prioritize the singular or multiple risk scenarios. The matrix is a graphic representation of the impact scores and aggregated probabilities. The European Commission recommended this instrument in order to ensure the possibility to compare the risk assessments in the Member States.

According to the matrix, impact was placed on the vertical axis and probability on the horizontal one.

The positioning of risks on the risk matrix quotes a risk according to the value of the risks by placing them on the three areas of the matrix: acceptable - “green”, necessary measures that must be implemented - “yellow”, not acceptable - “red”.

The representation of scenarios on the risk matrix supplied a final list with the main risks at national level, according to the probability of occurrence thereof and their impact area.



The risk matrix⁵⁵ above reveals that the following risks: earthquakes, drought, floods, landslides, forest fire, epidemics require measures that must be implemented within the management thereof.

Measures implemented or in process of implementation for prevention of risks generated by emergency situations

In order to support Romania’s efforts in efficiently reacting in the case of occurrence of natural disasters and climate changes, on the one hand, through performing disaster risk management, through the development of specific risks and, on the other hand, through assurance of the financial resources in the case of occurrence of natural disasters, in June 2018 was concluded the Loan agreement for development policies regarding the management of disaster risks, with option of postponement of the drawing until a catastrophe occurs (CAT-DDO), amounting to 400 million EUR, concluded between the Ministry of Public Finance and the IBRD (International Bank for Reconstruction and Development).

⁵⁵Risks selected for Romania

The loan is awarded for a term of up to 20 years, with 19.5 years grace period, the reimbursement being made in a single installment on May 1, 2038 and it is available until December 31, 2021, with possibility of extension of this period 4 times, but without exceeding 15 years in total.

The implementation of the actions provided in the Loan Agreement is ensured by: The Ministry of Public Finance, in its capacity as borrower, the Ministry of Internal Affairs, in its capacity as coordinator of the National Committee for Special Emergency Situations, through the Department of Emergency Situations, as well as by the Ministry of Regional Development and Public Administration.

The Ministry of Internal Affairs, acting through the IGSU, together with other central public authorities and with support from the academia, after implementing the project RO-RISK, ensured the fulfillment of one ex-ante condition imposed on Romania and has the national assessment of risks materialized through the quantification of the physical, economic, social, and psychological impact generated by the following 10 types of major risks/disasters: earthquake, floods, drought, forest fire, landslides, nuclear and radiologic accident, major industrial accidents which involve hazardous substances (SEVESO), transport of hazardous substances, epidemics and zoonoses.

The Ministry of Waters and Forests ensures risk management for floods, which consists of ensuring the implementation of the strategies, policies and projects in the field of flood risks.

In promoting hydro-technical constructions and arrangements, the Ministry of Waters and Forests seeks to observe the principles provided through Government Decision no. 846/2010 approving the National Strategy for Flood Risk Management on medium and long term, which comprises a series of actions at national and basin level, including planning, programs, framework policies, coordination, facilitation, increasing awareness and social consolidation, resilience, as well as the principles approved through Government Decision no. 972/2016 approving the flood risk management plans corresponding to the 11 water basin administrations and of for the Danube River on the territory of Romania.

The flood risk management plans represent a planning document of measures for flood risk management and with priority, through reduction of the effects thereof, which must be implemented in 2016-2021 by each institution with attributions in the field, in order to reduce flood risk in the areas with significant potential flood risk for every hydro-graphic basin.

The plan comprises specific and concrete measures, including investment works, which follow the 5 fields of action of the flood risk management cycle: Prevention, Protection, Preparation, Flood risk awareness and Restoration/Reconstruction, which will be implemented by all institutions with attributions in the management of this type of risk.

The average costs estimated in the National Flood Risk Management Strategy on medium and long term for counteracting the disasters caused by floods are of approximately 700 million EUR/year, respectively 2100 million EUR for the period 2019-2021 for all institutions responsible in implementing these strategies (the Ministry of Waters and Forests, the Ministry of Transport, the Ministry of Environment, the Ministry of Agriculture and Rural Development, the Ministry of Economy, as well as the regional/county and local administrations).

Also, for each hydro-graphic basin were identified a series of major integrated projects - as a series of measures for arrangement of the areas with maximum potential flood risk of flash-flood type registered in the recent years, projects which are proposed to be implemented with external financing in the case of the Operational Program of Large Infrastructure for 2014-2020.

Ministry of Environment

In Romania, the climate data of the last decades emphasize a progressive increase of air temperature, as well as an increase of the frequency of extreme events, being more and more obvious the fast alternation between severe heat, accentuated drought and abundant rainfall that generate fast floods.

Climate projections also indicate for the future a significant increase of extreme temperatures, especially in the summer months, as well as of periods of drought or of intervals with abundant rainfall that generate fast floods at regional/local level, being more and more obvious the regional differentiations in the evolution of these phenomena. As a consequence, the effects on the social and economic activity of dangerous meteorological phenomena (heat waves, droughts, storms, torrential rain, etc.) will be increasingly dominant.

In the following 3 years, the analysis of the climate hazards noted and of future projections under the conditions of climate changes, it is estimated that episodes of intense rainfall will occur on the entire territory of the country, the increase of the intensity of rainfall being more accentuated especially in the mountain areas. The increase of the frequency and intensity of heat waves related to climate changes will be more accentuated in the extra-Carpathian areas from the West, South and South-east of the country.

Heat waves and episodes of intense rainfall are hazards amplified in the urban area by the characteristics of the constructed environment.

The meteorological scale is more frequent in statistical terms in the South-east of the territory and isolated in regions from Campia Romana and Moldova. Future projections of climate changes suggest an increased probability of occurrence of episodes of drought in the summer months, due to the intensification of evapotranspiration and the reduction of the quantity of rainfall.

The economic impact associated with meteorological drought was quantified in the Project „Assessment of disaster risks at national level” – RO-RISK, financed within the Operational Program of Administrative Capacity for 2014-2020.

The project analyzed 4 scenarios for meteorological drought, of which 2 scenarios at national level and 2 scenarios at regional level, as follows:

Scenario 1 - Year 2011-2012, an excessively dry year at national level, with a comeback period of 3 events at 10 years;

Scenario 2 - Year 2006-2007, an excessively dry year at national level, with a comeback period of 1 event at 25 years, respectively 4 events at 100 years;

Scenario 3 - South of Romania (Oltenia and Muntenia), with a comeback period between 10 and 100 years;

Scenario 4 - South of Moldova, with a comeback period between 10 and 100 years.

The calculation of the economic impact that corresponds to the meteorological drought scenarios under analysis reveals the following values that correspond to vegetable production losses and GDP losses:

million EUR

No.	Scenario	Production losses	GDP losses
1	National scenario for 2006-2007	4606.1	4978.2
2	National scenario for 2011-2012	4376.4	4686.5
3	Regional Scenario South of Romania (Oltenia and Muntenia)	2177.8	2098.4
4	Regional Scenario South of Moldova	537.0	500.0

Ministry of Agriculture and Rural Development

With regard to the reduction of the budgetary impact that might be caused by the occurrence of a disaster type event, the Ministry of Agriculture and Rural Development, through the Operative Center for Emergency Situations, monitors the areas of agricultural cultures affected by unfavorable meteorological events. In the last 3 years, the authorities were faced by a series of problems due to these phenomena, as follows:

Year	Phenomenon	Area (ha)	Damage value	Legislative act
2015	unfavorable meteorological phenomena (floods , hail, storms, late Spring frost, drought) severe drought in April - September	1.752.507	Estimated 326.987,9 mil lei	No damages were awarded
		1.584.088	Paid 295.563,8 mil lei	
2016	unfavorable meteorological phenomena drought damages caused to the land improvement infrastructure	1.185.822	Estimated 221.254,2 mil lei	No damages were awarded
		1.040.000	Estimated 198.558 mil lei	No damages were awarded
			Estimated 803,6 mil lei	No damages were awarded
2017	unfavorable meteorological phenomena drought	411.382	Estimated 76.756,86 mil lei	No damages were awarded
		298.364	Estimated 56.964 mil lei	No damages were awarded
		Total	625.802,6 mil lei	No damages were awarded

Compared to the estimated value of damages, the level of losses on the last 3 years is of approximately 133,150 thousand EUR.

The Ministry of Regional Development and Public Administration, through The annual program of actions regarding the design and execution of intervention works for reducing the seismic risk at constructions to be used as multi-storey home, classified through technical expertise report in class I of seismic risk and which pose public danger, according to GO no. 20/1994, republished, proposed as main objectives for year 2018:

- Completing the execution of consolidation works for 10 residential buildings;
- Continued execution of the consolidation works for 10 residential buildings;
- Starting the execution of the consolidation works for 30 residential buildings;
- Completing the design of consolidation works for 7 residential buildings;
- Starting the elaboration of the design of consolidation works for 46 residential buildings.

Ministry of Labor and Social Justice

In the case of assessment of a budgetary impact that might be caused by the occurrence of a disaster type event, the Ministry of Labor and Social Justice awards emergency aid according to art. 28 para. (1) in Law no. 416/2001 on minimum guaranteed income. According to it, the Government, at the proposal of the Ministry of Labor and Social Justice, may award emergency aid to the families and people in special situations due to their health status or other causes that can lead to social exclusion risk, as well as in other situations established through Government decision, which will also include the procedure and/or conditions of award.

In accordance with the policy in the field of social assistance, the amounts representing emergency aid provided by art. 28 para. (1) in Law no. 416/2001 on the minimum guaranteed income estimated for every year of the period 2018-2021, amounts to 10,000 thousand Lei.

Ministry of Health

With regard to the assessment of the budgetary impact determined by the occurrence of a disaster type event, the Ministry of Health is currently elaborating The National Generic Response Plan to

Epidemiological Events of Transmissible Diseases of National Importance, which implicitly has a budgetary component.

Epidemiological events that occur in time on the territory of Romania and with high probability of facing other epidemics in the future, including as a component of a pandemic, require the elaboration of the National Generic Response Plan to Epidemiological Events of Transmissible Diseases of National Importance, hereinafter referred to as the “Plan”.

The Plan involves a continuous management strategy, which includes stages of prevention, preparation, response, and comeback.

The Plan is based on the assumption that public health authorities and institutions, as well as health services suppliers, are undergoing a constant state of preparation to respond to Epidemiological Events of Transmissible Diseases of National Importance, hereinafter referred to as “events”.

The transition from the routine response to cases of transmissible diseases towards the response to an event is very probable to represent only an escalation, within the meaning of the complexity of the already existing response.

Events are a constant threat for the population and health services.

They are different from traditional emergency events, because, the size of an event is usually lower in the beginning and increases in time, opposite from an incident with multiple traumas. Response actions will depend on the particularities of the infectious biological agent and it can be difficult to pre-define a set of actions before the occurrence of an outbreak, therefore planning must remain flexible.

Many actions require support over a certain level, in order to have effect on such an event. These actions can be maintained/extended without clearly deciding on a certain closing moment.

The challenges implied throughout the response to the event can include:

The lack of initial information, when the size of the event is still reduced, but the response variants may include disturbing actions for the society;

The potential of transmission at large scale can make it difficult to control the disease in a certain area, which means that it is possible not to have a defined place of the incident, a circumscribed risk area for the response;

The capacity for sustained response (weeks - months) must be taken into account when resources are engaged which can be reoriented from the routine activities to the prevention and control of transmissible diseases;

Some activities necessary to control transmissible diseases are not part of the usual activity of the health sector - for example, the distribution of medicines from the reserve stock, screening at border points - activities which are not exercised in the management of usual incidents and are not known as being part of emergency medical services;

The implementation of public health measures implies the coordination of all interested parties who do not usually operate under a common command structure - family physicians, hospital physicians, civil servants, businessmen, institutions from the educational field (including kindergartens, primary schools, high schools, universities), non-governmental organizations and the public;

Response actions to transmissible diseases may include asking the population to react (for example, to reduce social contact), which presupposes winning the population’s trust, in order to have the desired effect.

The Plan also includes the specific plans (like the National Plan for Preparation and Response for the Flu Pandemic, the National Plan for Ebola, GD no. 557/2016). Where there are no specific plans, this Plan is considered the main response plan.

The budgetary impact depends on the type of event that generates pandemics, the costs being different for different specific actions, according to the risk level of transmission of infectious diseases among the population and the actions necessary to be taken in order to limit the extension thereof.

5. Medium-term expenditure framework for 2019-2021

The total expenditures of the State budget for 2016-2021, as well as the aggregated expenditures of the biggest 10 main credit authorities according to the criteria of funds allocated from the State budget, are presented in the table below:

	2016	2017	2018	2019	2020	2021
- million Lei -						
STATE BUDGET –						
TOTAL EXPENDITURES, of which:						
Million Lei	130,083	144,427	174,895	201,781	196,770	199,170
% of G.D.P.	17.08	17.14	18.60	20.75	18.71	17.68
TOTAL EXPENDITURES – 10 ministries						
Million Lei	97,392	111,120	132,201	156,651	151,150	153,310
% of G.D.P.	12.79	13.19	14.06	16.03	14.37	13.61
Personnel expenditures						
Million Lei	17,303	19,133	38,151	46,815	48,955	50,664
% of G.D.P.	2.27	2.27	4.06	4.79	4.65	4.50
Goods and services						
Million Lei	4,299	4,488	4,942	6,984	6,830	6,749
% of G.D.P.	0.56	0.53	0.53	0.71	0.65	0.60
Interests						
Million Lei	48	44	40	37	47	47
% of G.D.P.	0.01	0.01	0.00	0.00	0.00	0.00
Subsidies						
Million Lei	3,835	3,613	3,690	3,882	4,340	4,340
% of G.D.P.	0.50	0.43	0.39	0.40	0.41	0.39
Transfers between public administration units						
Million Lei	39,925	29,938	25,567	20,254	21,347	21,894
% of G.D.P.	4.32	3.55	2.72	2.07	2.03	1.94
Other transfers						
Million Lei	2,840	1,059	1,269	2,920	1,638	1,642
% of G.D.P.	0.37	0.13	0.13	0.30	0.16	0.15
Projects with financing from external non-reimbursable funds (ENF)						
Million Lei	1,050	203	118	115	43	14
% of G.D.P.	0.14	0.02	0.01	0.01	0.00	0.00
Social assistance						
Million Lei	22,691	27,045	29,121	35,167	36,751	37,666
% of G.D.P.	2.98	3.21	3.10	3.60	3.49	3.34
Projects with financing from external non-reimbursable funds corresponding to the financial framework 2014-2020						
Million Lei	7,054	18,226	19,879	29,176	21,996	19,877
% of G.D.P.	0.93	2.16	2.11	2.99	2.09	1.76
Other expenditures						
Million Lei	1,523	2,049	3,183	2,839	2,790	2,747
% of G.D.P.	0.20	0.24	0.34	0.29	0.27	0.24
Expenditures corresponding to programs with reimbursable financing						
Million Lei	463	399	536	766	633	892
% of G.D.P.	0.06	0.05	0.06	0.08	0.06	0.08
Non-financial assets						
Million Lei	2,981	5,498	6,384	6,184	5,592	6,588
% of G.D.P.	0.39	0.65	0.68	0.63	0.53	0.58
Financial assets						
Million Lei	166	19	83	1,360	40	40

% of G.D.P.	0.02	0.00	0.01	0.14	0.00	0.00
Loans						
Million Lei	33	15	15	1	1	1
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00
Loan reimbursements						
Million Lei	181	152	151	150	149	149
% of G.D.P.	0.02	0.02	0.02	0.02	0.01	0.01
Payments made in previous years and recovered in the current year						
Million Lei	0	-761	-928	0	0	0
% of G.D.P.	0.00	-0.09	-0.10	0.00	0.00	0.00
TOTAL EXPENDITURES – OTHER MAIN SPENDING AUTHORITIES						
Million Lei	32,691	33,307	42,694	46,131	45,620	45,860
% of G.D.P.	4.29	3.95	4.54	4.72	4.34	4.07

The budget of the 10 main credit authorities presented in the strategy represent approximately 75% of the total expenditures of the State budget. Adding to these credit authorities the budget of the Ministry of Public Finance - General Actions, which comprises interests, credit returns, Romania's contribution to the EU budget, co-financing for pre-accession projects, as well as State aid schemes, it would represent approximately 90% of the total expenditures of the State budget.

The detailing of the expenditures for each of the 10 main credit authorities on the reference horizon is presented in Annexes 1 to 10 to this Strategy.

6. Declaration of liability

It is hereby attested the accuracy and integrity of the takeover and processing by the Ministry of Public Finance of the information provided in the Fiscal and Budgetary Strategy for 2019-2021. The Fiscal and Budgetary Strategy for 2019-2021 was elaborated on the basis of the fiscal and budgetary information provided by the factors involved in the budgetary process, as well as by considering the internal and international circumstances known on this date.

PRIME-MINISTER,

VASILICA - VIORICA DĂNCILĂ

MINISTER OF PUBLIC FINANCE,

EUGEN ORLANDO TEODOROVICI

- Million Lei-

Annex 1 - Expenditures of the Ministry of Labor and Social Justice from the State budget between 2016 and 2021						
	2016	2017	2018	2019	2020	2021
TOTAL EXPENDITURES						
Million Lei	35,291	36,447	29,881	27,220	33,466	33,207
% of G.D.P.	4.63	4.33	3.18	2.79	3.18	2.95
Personnel expenditures						
Million Lei	218	230	273	301	321	336
% of G.D.P.	0.03	0.03	0.03	0.03	0.03	0.03
Goods and services						
Million Lei	160	167	168	225	231	245
% of G.D.P.	0.02	0.02	0.02	0.02	0.02	0.02
Transfers between public administration units						
Million Lei	18,202*)	16,833*)	8,801*)	296*)	4,923*)	3,936*)
% of G.D.P.	2.39	2.00	0.94	0.03	0.47	0.35
Other transfers						
Million Lei	4	3	3	4	5	5
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00
Projects with financing from external non-reimbursable funds (ENF)						
Million Lei	4	1	0	23	23	9
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00
Social assistance						
Million Lei	16,661	19,198	20,631	26,290	27,884	28,613
% of G.D.P.	2.19	2.28	2.19	2.69	2.65	2.54
Projects with financing from external non-reimbursable funds corresponding to the financial framework 2014-2020						
Million Lei	2	7	11	31	16	0
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00
Other expenditures						
Million Lei	29	27	26	41	39	40
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00
Expenditures corresponding to programs with reimbursable financing						
Million Lei	5	9	1			
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00
Non-financial assets						
Million Lei	5	3	2	10	24	24
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00
Payments made in previous years and recovered in the current year						
Million Lei		-30	-35			
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00

*) Includes subsidies established to balance the social insurance budget, as follows:

- in 2016 – 15,097.0 million Lei;
- in 2017- 13,585.6 million Lei;

- in 2018 – 4,815.2 million Lei;
- in 2019 – 0 million Lei;
- in 2020 – 4,619.9 million Lei;
- in 2021 – 3,627.0 million Lei

- Million Lei-

Annex 2 - Expenditures of the Ministry of Agriculture and Rural Development from the State budget between 2016 and 2021						
	2016	2017	2018	2019	2020	2021
TOTAL EXPENDITURES						
Million Lei	6,946	16,541	19,800	22,764	18,572	18,369
% of G.D.P.	0.91	1.96	2.11	2.33	1.77	1.63
Personnel expenditures						
Million Lei	559	579	613	667	694	727
% of G.D.P.	0.07	0.07	0.07	0.07	0.07	0.06
Goods and services						
Million Lei	114	129	79	95	92	92
% of G.D.P.	0.02	0.02	0.01	0.01	0.01	0.01
Subsidies						
Million Lei	2,128	1,945	1,859	1,951	2,100	2,100
% of G.D.P.	0.28	0.23	0.20	0.20	0.20	0.19
Transfers between public administration units						
Million Lei	450	789	1,231	2,036	1,665	1,745
% of G.D.P.	0.06	0.09	0.13	0.21	0.16	0.15
Other transfers						
Million Lei	16	19	98	137	135	135
% of G.D.P.	0.00	0.00	0.01	0.01	0.01	0.01
Projects with financing from external non-reimbursable funds (ENF)						
Million Lei	105	3	13	5	5	
% of G.D.P.	0.01	0.00	0.00	0.00	0.00	0.00
Projects with financing from external non-reimbursable funds corresponding to the financial framework 2014-2020						
Million Lei	3,417	13,154	15,962	17,772	13,802	13,490
% of G.D.P.	0.45	1.56	1.70	1.82	1.31	1.20
Other expenditures						
Million Lei	62	58	58	58	64	64
% of G.D.P.	0.01	0.01	0.01	0.01	0.01	0.01
Non-financial assets						
Million Lei	94	33	16	42	15	15
% of G.D.P.	0.01	0.00	0.00	0.00	0.00	0.00
Loans						
Million Lei				1	1	1
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00
Payments made in previous years and recovered in the current year						
Million Lei		-168	-130			
% of G.D.P.	0.00	0.02	0.01	0.00	0.00	0.00

NOTE: As of 2016, the amounts for national transitional aid in the vegetables sector are included under title “Subsidies”

- Million Lei-

Annex 3 - Expenditures of the Ministry of National Education from the State budget between 2016 and 2021						
	2016	2017	2018	2019	2020	2021
TOTAL EXPENDITURES						
Million Lei	6,353	4,901	21,011	30,969	26,515	26,938
% of G.D.P.	0.83	0.58	2.23	3.17	2.52	2.39
Personnel expenditures						
Million Lei	404	459	15,735	20,610	19,872	20,320
% of G.D.P.	0.05	0.05	1.67	2.11	1.89	1.80
Goods and services						
Million Lei	81	75	70	75	73	77
% of G.D.P.	0.01	0.01	0.01	0.01	0.01	0.01
Transfers between public administration units						
Million Lei	3,049	3,066	3,753	5,310	4,724	4,828
% of G.D.P.	0.40	0.36	0.40	0.54	0.45	0.43
Other transfers						
Million Lei	1,310	2	2	2	2	2
% of G.D.P.	0.17	0.00	0.00	0.00	0.00	0.00
Projects with financing from external non-reimbursable funds (ENF)						
Million Lei	8	0	0	0		
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00
Social assistance						
Million Lei	200	180	196	790	241	247
% of G.D.P.	0.03	0.02	0.02	0.08	0.02	0.02
Projects with financing from external non-reimbursable funds corresponding to the financial framework 2014-2020						
Million Lei	404	3	30	2,289	300	200
% of G.D.P.	0.05	0.00	0.00	0.23	0.03	0.02
Other expenditures						
Million Lei	531	840	1,043	1,600	1,064	1,076
% of G.D.P.	0.07	0.10	0.11	0.16	0.10	0.10
Expenditures corresponding to programs with reimbursable financing						
Million Lei	95	85	94	102	187	137
% of G.D.P.	0.01	0.01	0.01	0.01	0.02	0.01
Non-financial assets						
Million Lei	272	198	91	190	51	51
% of G.D.P.	0.04	0.02	0.01	0.02	0.00	0.00
Payments made in previous years and recovered in the current year						
Million Lei		-8	-4			
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00

- Million Lei-

**Annex 4 - Expenditures of the Ministry of National Defense from the State budget
between 2016 and 2021**

	2016	2017	2018	2019	2020	2021
TOTAL EXPENDITURES						
Million Lei	10,583	14,655	17,007	18,125	19,309	20,820
% of G.D.P.	1.39	1.74	1.81	1.85	1.84	1.85
Personnel expenditures						
Million Lei	3,684	4,083	5,226	6,500	7,158	7,454
% of G.D.P.	0.48	0.48	0.56	0.67	0.68	0.66
Goods and services						
Million Lei	1,056	1,308	1,491	1,511	1,589	1,695
% of G.D.P.	0.14	0.16	0.16	0.15	0.15	0.15
Transfers between public administration units						
Million Lei	466	592	816	1,070	1,201	1,232
% of G.D.P.	0.06	0.02	0.01	0.02	0.02	0.02
Other transfers						
Million Lei	164	139	126	173	190	179
% of G.D.P.	0.02	0.02	0.01	0.02	0.02	0.02
Social assistance						
Million Lei	2,914	3,526	3,477	3,577	3,997	4,079
% of G.D.P.	0.38	0.42	0.37	0.37	0.38	0.36
Projects with financing from external non-reimbursable funds corresponding to the financial framework 2014-2020						
Million Lei		0	6	7	5	
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00
Other expenditures						
Million Lei	2,295	5,020	5,903	5,277	5,160	6,171
% of G.D.P.	0.30	0.60	0.63	0.54	0.49	0.55
Payments made in previous years and recovered in the current year						
Million Lei		-19	-44			
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00

- Million Lei-

**Annex 5 - Expenditures of the Ministry of Internal Affairs from the State budget
between 2016 and 2021**

	2016	2017	2018	2019	2020	2021
TOTAL EXPENDITURES						
Million Lei	11,344	12,422	15,199	18,467	19,872	18,334
% of G.D.P.	1.49	1.47	1.62	1.89	1.89	1.63
Personnel expenditures						
Million Lei	7,641	7,547	9,297	11,194	12,164	12,701
% of G.D.P.	1.00	0.90	0.99	1.15	1.16	1.13
Goods and services						
Million Lei	723	544	706	844	832	836
% of G.D.P.	0.09	0.06	0.08	0.09	0.08	0.07
Transfers between public administration units						
Million Lei	169	153	193	230	254	267
% of G.D.P.	0.02	0.02	0.02	0.02	0.02	0.02
Other transfers						
Million Lei	4	4	4	6	12	13
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00
Projects with financing from external non-reimbursable funds (ENF)						
Million Lei	16	3	2	5		
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00
Social assistance						
Million Lei	2,478	3,747	4,102	4,010	4,110	4,193
% of G.D.P.	0.33	0.44	0.44	0.41	0.39	0.37
Projects with financing from external non-reimbursable funds corresponding to the financial framework 2014-2020						
Million Lei	166	269	665	1,888	2,357	200
% of G.D.P.	0.02	0.03	0.07	0.19	0.22	0.02
Other expenditures						
Million Lei	4	6	7	10	10	10
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00
Expenditures corresponding to programs with reimbursable financing						
Million Lei	0	2		3		
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00
Non-financial assets						
Million Lei	143	160	233	276	132	115
% of G.D.P.	0.02	0.02	0.02	0.03	0.01	0.01
Payments made in previous years and recovered in the current year						
Million Lei		-10	-10			
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00

- Million Lei-

Annex 6 - Expenditures of the Ministry of Transport from the State budget between 2016 and 2021						
	2016	2017	2018	2019	2020	2021
TOTAL EXPENDITURES						
Million Lei	8,575	8,198	7,526	13,112	10,194	10,725
% of G.D.P.	1.13	0.97	0.80	1.34	0.97	0.95
Personnel expenditures						
Million Lei	23	37	38	42	52	55
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00
Goods and services						
Million Lei	9	7	8	11	8	9
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00
Interests						
Million Lei	48	44	40	37	47	47
% of G.D.P.	0.01	0.01	0.00	0.00	0.00	0.00
Subsidies						
Million Lei	1,706	1,669	1,831	1,930	1,940	1,940
% of G.D.P.	0.00	0.20	0.19	0.20	0.18	0.17
Transfers between public administration units						
Million Lei	1,761	1,348	1,386	2,449	1,890	1,890
% of G.D.P.	0.23	0.16	0.15	0.25	0.18	0.17
Other transfers						
Million Lei	827	410	672	1,417	876	887
% of G.D.P.	0.11	0.05	0.07	0.14	0.08	0.08
Projects with financing from external non-reimbursable funds (ENF)						
Million Lei	281	117	81	50		
% of G.D.P.	0.04	0.01	0.01	0.01	0.00	0.00
Social assistance						
Million Lei	438	394	714	500	518	534
% of G.D.P.	0.06	0.05	0.08	0.05	0.05	0.05
Projects with financing from external non-reimbursable funds corresponding to the financial framework 2014-2020						
Million Lei	2,993	4,028	2,544	5,895	4,500	5,000
% of G.D.P.	0.39	0.48	0.27	0.60	0.43	0.44
Other expenditures						
Million Lei	26	9	8	14	14	14
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00
Expenditures corresponding to programs with reimbursable financing						
Million Lei	170	190	183	287	200	200
% of G.D.P.	0.02	0.02	0.02	0.03	0.02	0.02
Non-financial assets						
Million Lei	8	0	1	1	1	1
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00
Loan reimbursements						
Million Lei	181	152	151	150	149	149
% of G.D.P.	0.02	0.02	0.02	0.02	0.01	0.01
Payments made in previous years and recovered in the current year						
Million Lei		-207	-151			
% of G.D.P.	0.00	0.02	0.02	0.00	0.00	0.00

- Million Lei-

**Annex 7 - Expenditures of the Ministry of Health from the State budget
between 2016 and 2021**

	2016	2017	2018	2019	2020	2021
TOTAL EXPENDITURES						
Million Lei	5,855	6,771	7,496	11,054	8,246	9,504
% of G.D.P.	0.77	0.80	0.80	1.13	0.78	0.84
Personnel expenditures						
Million Lei	965	1,503	1,853	2,069	2,218	2,324
% of G.D.P.	0.13	0.18	0.20	0.21	0.21	0.21
Goods and services						
Million Lei	1,645	1,797	1,968	3,731	3,469	3,215
% of G.D.P.	0.22	0.21	0.21	0.38	0.33	0.29
Transfers between public administration units						
Million Lei	3,181*)	3,393*)	3,469*)	4,795*)	2,285*)	3,427*)
% of G.D.P.	0.42	0.40	0.37	0.49	0.22	0.30
Other transfers						
Million Lei	5	5	5	32	6	6
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00
Projects with financing from external non-reimbursable funds (ENF)						
Million Lei	9	4	1	4	9	
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00
Social assistance						
Million Lei	438	394	714	500	518	534
% of G.D.P.	0.06	0.05	0.08	0.05	0.05	0.05
Projects with financing from external non-reimbursable funds corresponding to the financial framework 2014-2020						
Million Lei	0	1	2	94	38	32
% of G.D.P.	0.00	0.00	0.00	0.01	0.00	0.00
Other expenditures						
Million Lei	1	1	10	11	11	11
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00
Expenditures corresponding to programs with reimbursable financing						
Million Lei	45	76	216	305	150	429
% of G.D.P.	0.01	0.01	0.02	0.03	0.01	0.04
Non-financial assets						
Million Lei	4	1	1	13	60	60
% of G.D.P.	0.00	0.00	0.00	0.00	0.01	0.01
Payments made in previous years and recovered in the current year						
Million Lei		-10	-27			
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00

*)The years 2016-2021 include the subsidies awarded from the State budget to the National Single Fund of Health Insurance for balancing, as follows:

- in 2016 – 1,136.7 million Lei;
- in 2017- 651.8 million Lei;
- in 2018 – 1,733.7 million Lei;
- in 2019 – 1,273.0 million Lei;
- in 2020 – 30.2 million Lei;
- in 2021 – 1,150.0 million Lei

Annex 8 - Expenditures of the Ministry of Public Finance from the State budget between 2016 and 2021						
	2016	2017	2018	2019	2020	2021
TOTAL EXPENDITURES						
Million Lei	3,361	3,540	4,925	5,409	5,112	5,273
% of G.D.P.	0.44	0.42	0.52	0.55	0.49	0.47
Personnel expenditures						
Million Lei	2,143	2,241	2,564	2,726	3,084	3,225
% of G.D.P.	0.04	0.03	0.03	0.03	0.03	0.03
Goods and services						
Million Lei	287	241	241	274	319	353
% of G.D.P.	0.04	0.03	0.03	0.03	0.03	0.03
Transfers between public administration units						
Million Lei	1	1	2	3	2	3
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00
Other transfers						
Million Lei	0	1	0	3	1	1
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00
Projects with financing from external non-reimbursable funds (ENF)						
Million Lei	10	1	0	8		
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00
Projects with financing from external non-reimbursable funds corresponding to the financial framework 2014-2020						
Million Lei	1	13	28	50	64	49
% of G.D.P.	0.00	0.00	0.00	0.01	0.01	0.00
Other expenditures						
Million Lei	794	1,011	1,949	984	1,500	1,500
% of G.D.P.	0.10	0.12	0.21	0.10	0.14	0.13
Expenditures corresponding to programs with reimbursable financing						
Million Lei	30	12	0	3		
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00
Non-financial assets						
Million Lei	35	10	98	327	101	102
% of G.D.P.	0.00	0.00	0.01	0.03	0.01	0.01
Financial assets						
Million Lei	61	19	63	1,030	40	40
% of G.D.P.	0.01	0.00	0.01	0.03	0.01	0.01
Payments made in previous years and recovered in the current year						
Million Lei		-12	-21			
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00

- Million Lei -

budget between 2016 and 2021						
	2016	2017	2018	2019	2020	2021
TOTAL EXPENDITURES						
Million Lei	6,067	3,933	5,353	5,224	4,820	4,954
% of G.D.P.	0.80	0.47	0.57	0.53	0.46	0.44
Personnel expenditures						
Million Lei	65	102	74	79	79	83
% of G.D.P.	0.01	0.01	0.01	0.01	0.01	0.01
Goods and services						
Million Lei	10	12	9	12	10	10
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00
Subsidies						
Million Lei	0	0	0	0	300	300
% of G.D.P.	0.00	0.00	0.00	0.00	0.03	0.03
Transfers between public administration units						
Million Lei	4,591	2,712	4,689	2,740	3,000	3,100
% of G.D.P.	0.60	0.32	0.50	0.12	0.04	0.04
Projects with financing from external non-reimbursable funds (ENF)						
Million Lei	613	70	20	16	5	5
% of G.D.P.	0.08	0.01	0.00	0.00	0.00	0.00
Projects with financing from external non-reimbursable funds corresponding to the financial framework 2014-2020						
Million Lei	70	750	627	1,131	900	900
% of G.D.P.	0.01	0.09	0.07	0.12	0.09	0.08
Other expenditures						
Million Lei	14	32	1	12	3	3
% of G.D.P.	0.01	0.00	0.00	0.01	0.01	0.01
Non-financial assets						
Million Lei	86	47	34	40	41	41
% of G.D.P.	0.01	0.01	0.00	0.00	0.00	0.00
Loans						
Million Lei	32.500	14.719	14.719			
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00
Payments made in previous years and recovered in the current year						
Million Lei		-293	-501			
% of G.D.P.	0.00	0.03	0.05	0.00	0.00	0.00

- million Lei

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Annex 10 - Expenditures of the Ministry of Justice from the State budget

between 2016 and 2021						
	2016	2017	2018	2019	2020	2021
TOTAL EXPENDITURES						
Million Lei	3,017	3,713	4,002	4,307	5,044	5,186
% of G.D.P.	0.40	0.44	0.43	0.44	0.48	0.46
Personnel expenditures						
Million Lei	1,602	2,352	2,479	2,628	3,311	3,439
% of G.D.P.	0.21	0.28	0.26	0.27	0.31	0.31
Goods and services						
Million Lei	214	208	203	206	209	218
% of G.D.P.	0.03	0.02	0.02	0.02	0.02	0.02
Transfers between public administration units						
Million Lei	1,055	1,053	1,226	1,326	1,402	1,465
% of G.D.P.	0.14	0.12	0.13	0.14	0.13	0.13
Other transfers						
Million Lei	3	3	3	3	3	3
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00
Projects with financing from external non-reimbursable funds (ENF)						
Million Lei	5	3	0	4	1	
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00
Projects with financing from external non-reimbursable funds corresponding to the financial framework 2014-2020						
Million Lei	0	1	4	18	14	6
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00
Other expenditures						
Million Lei	58	60	73	100	76	20
% of G.D.P.	0.01	0.01	0.01	0.01	0.01	0.00
Expenditures corresponding to programs with reimbursable financing						
Million Lei	40	15	14	15	21	27
% of G.D.P.	0.01	0.00	0.00	0.00	0.00	0.00
Non-financial assets						
Million Lei	40	26	6	8	8	8
% of G.D.P.	0.01	0.00	0.00	0.00	0.00	0.00
Payments made in previous years and recovered in the current year						
Million Lei		-5	-6			
% of G.D.P.	0.00	0.00	0.00	0.00	0.00	0.00