

**1. CPS Data****Country:** Romania**CPS Year:** FY09**CPS Period:** FY09–FY13**CPSCR Review Period:** FY09–FY13**Date of this review:** 05/12/2014**2. Executive Summary**

- i. This review examines the implementation of the FY09–FY13 Country Partnership Strategy (CPS) of FY09 and the CPS Progress Report (CPSPR) of FY12, and assesses the CPS Completion Report (CPSCR). The CPS was jointly implemented by IBRD and IFC, and this review covers the joint program of the two institutions.
- ii. This CPS was prepared under the initial adverse effects of the global financial crisis on Romania in 2009, and following a period—after EU accession—where the country virtually disengaged from the Bank and concentrated on EU-related issues. The Bank re-engagement in the CPS was part of a joint crisis response by the IMF, the European Commission (EC), and the World Bank Group. The program was quite successful during the first half of the CPS period, under immediate pressure from the dry up of capital inflows. The government concentrated its efforts on stabilizing the economy, which had shifted from strong growth into a serious recession. With World Bank support, the government secured fiscal savings to achieve fiscal targets without adversely affecting priority services and social assistance, and started to modernize the public administration. Short term measures were also effective in financial sector strengthening, where the Bank worked closely with the IMF. Yet, mid-way through the CPS (at the progress report stage) as the pressures from the global crisis eased, the pace of reforms seems to have declined in some areas. This was the time when the program also shifted to addressing more difficult longer term policy reforms. It then became apparent that progress in governance and judicial reforms would be slower than envisaged in the CPS, as would be the case in transport, energy, and agriculture. Projects in the latter three areas were ongoing at the time of the CPS and had started with substantial government support, but government ownership declined after project approval. The momentum for policy reform increased with the financial crisis, but in general, government support in these areas has been inadequate and inconsistent, in part due to tight financing constraints after 2009. In addition, reforms to make the pension system sustainable moved in the right direction but much more gradually than envisaged in the CPS, and Roma inclusion did not have the political backing to progress as envisaged by both the Bank and the EC. IEG rates the overall outcome of WBG support as *moderately satisfactory*.
- iii. In a difficult policy environment, the WBG performance was *good*. The program was well designed, with mostly measurable expected results and appropriate interventions—including a substantial AAA program—to achieve the objectives sought. A caveat is that IEG would have expected a stronger policy and institutional reform effort in Romania, especially in the second half of the CPS, for a program where nearly 80 percent of the financing was channeled through policy loans and a large unplanned development policy operation (€1 billion) was approved at progress report stage. Portfolio performance improved during the CPS period, and the Bank Group program was well coordinated with the IMF and the EC, particularly on public sector and financial sector reforms.
- iv. The CPS completion report provided a candid discussion of achievements under the WBG program but followed the structure of objectives and results framework of the CPS rather loosely.

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Thus, it was hard to find the evidence of the WBG's contribution to country outcomes in a number of areas. As a result, IEG needed to consult extensively with the Romania team to obtain evidence on the achievement of several objectives.

- v. IEG agrees with the CPSCR conclusions on partnership, programmatic development policy loans, the usefulness of reimbursable advisory services, and inclusive consultation. The experience of the Bank in Romania shows that: (a) partnerships (with EC, IMF) can be powerful to get reforms done when government ownership is lukewarm; (b) programmatic DPLs as crisis response is an effective instrument to sequence reform according to priority and build on achievements in a crisis situation, but can lose effectiveness as soon as the crisis is over and the incentive for reform declines; and (c) demand-driven advisory services can be an effective tool in a middle-income country that has a fairly clear policy path and shortage of local skills in the areas of diagnostics and policy design.

### 3. **WBG Strategy Summary**

#### **Overview of CPS Relevance:**

##### Country Context:

1. Romania is an upper middle income country that joined the European Union on January 1<sup>st</sup>, 2007. Its GDP per head of about US\$9 thousand according to the World Bank Atlas places it at the bottom of the EU income ranking. Absolute poverty—based on the ECA regional poverty line of US\$5 per person per day (2005 USD PPP)—decreased from 44 percent of the population in 2006 to 33 percent in 2008, and essentially remained unchanged thereafter. A significant number of people remain at risk of poverty and social exclusion, particularly groups such as the Roma, and the rural-urban divide in income levels is significant. In the years before the global financial crisis, GDP was growing at rates of 6-8 percent. Following a sharp contraction in 2009 (minus 6 percent) growth returned in 2011, but the growth momentum has remained feeble, raising concerns about Romania's convergence to EU income levels. Large external and fiscal imbalances prior to the crisis were reduced to sustainable levels recently. The current account deficit declined sharply from 11½ percent of GDP in 2008 to an estimated 1 percent of GDP in 2013, and the structural fiscal deficit narrowed from 7 ½ percent of GDP to 2 percent over the same period. Consumer price inflation fell from 8 percent in 2008 to 1.6 percent in 2013. Yet, unresolved structural problems are hindering Romania's potential growth: poor infrastructure (particularly in the transport and energy sectors), weak institutions, and inefficient state-owned enterprises that have proved difficult to reform, have been a drag on growth. Moreover, political uncertainty—marked by frictions among the President, the Prime Minister, and Parliament in a context of coalition politics—has increased the risk perception of the country, and at times undermined the reform effort. This CPS was prepared as Romania started to feel the adverse effects of the global financial crisis in 2009.

2. At the time of the CPS, Romania's government was guided by two complementary strategic documents: the National Reform Program (NRP) and the Convergence Program (CP) with the EC. The NRP was based on the Lisbon Agenda, which comprised investing in people and modernizing labor markets, unlocking the business potential especially of small and medium enterprises, investing in knowledge and innovation, developing energy production, and addressing the effects of climate change. The CP emphasized the importance of promoting sound macroeconomic management and coordination of policies to gradually correct existing imbalances, reduce the fiscal deficit to less than 3 percent of GDP, and bring down inflation to 3.2 percent by 2011. It also aimed at taking measures to join the Eurozone in 2014. Both the NRP and CP are updated periodically and reviewed by the European Commission.

##### Objectives of the WBG Strategy:

- 3. WBG's planned strategy was based on three pillars: public sector reform, growth and

competitiveness, and social and spatial inclusion. The goals of public sector reform were to bring down the public sector deficit without adversely affecting priority services and social assistance, and to modernize the public administration over time. The goals in growth and competitiveness were to put in place crisis-management measures in the financial sector to cope with the worst effects of the global financial crisis, and to promote a resumption of growth and sustainable convergence to EU living standards. The goals of the social and spatial inclusion pillar were to protect the poor from the effects of the global financial crisis, and promote social inclusion and regional development.

Relevance of the WBG Strategy:

4. **Congruence with Country Context and Country Program.** The WBG strategy addressed key challenges in public sector reform, competitiveness, and social inclusion—all of them significant for the government's strategy. Moreover, it reflected the immediate challenges facing the government to cope with the effects of the global financial crisis. At progress report stage, the WBG strategy shifted emphasize a longer term perspective on reforms. This shift also mirrored a gradual shift in the NRP (for period 2011-13) from crisis management towards reviving economic growth and enhancing competitiveness. The new priorities in the NRP were endorsed under the IMF-EC-WBG program. In light of Romania's EU membership requirements the WBG emphasized three related themes in the CPS progress report: policy reforms to reap the benefits of EU membership, modernization of public institutions to enhance resource allocation and absorption of EU funds, and activities that complemented EU funding.

5. **Relevance of design.** WBG interventions were appropriate to achieve CPS objectives in public sector reform, growth, and social inclusion. The major assumption for the interventions to achieve the objectives was government ownership across a broad and challenging set of reforms. A programmatic series of three development policy loans (DPLs) and a development policy operation with a drawdown option anchored the program, and included measures under the three pillars. These DPLs were supplemented by projects on revenue administration modernization, health sector reform, and social assistance system modernization. In addition, at the outset of the CPS there were ongoing projects in judicial reform, municipal services, transport, energy, agriculture, social inclusion, health, knowledge economy, and mining—and most of them continued during the CPS period. The AAA program was consistent with the financing activities with a special emphasis on reimbursable advisory services financed with EU funds and devoted to functional reviews of virtually the whole government. These reviews contained recommendations that were the basis for reform action plans, for example of social assistance programs and health services. Although all the pillars were relevant for the government's program, the government showed interest in public sector reform, particularly in social service provision and health, but was less keen on transport, energy, and agricultural sector reform. The CPS progress report used the opportunity for a reassessment after the initial response of the program addressed the adverse effects on Romania of the global crisis. It appropriately readjusted the program with a European Union lens, and re-focused on longer term reforms needed for success in the European market and convergence to EU living standards. In pillar II IEG would have expected more coherence among the interventions—a critical mass of reforms that would achieve the pillar's objectives—rather than a plethora of interventions that did not constitute a tight reform program to achieve sustainable convergence to EU living standards. The World Bank program was very well coordinated with the IMF and the EC, particularly on public sector and financial sector reforms. The World Bank took the lead in social protection, health reform, and energy sector reform where Bank analysis was used as input into IMF policy formulation and advice. The Bank also coordinated closely with the EC on functional reviews of the public sector where a memorandum of understanding was signed with the government. IFC—in coordination with the Bank—contributed to the crisis-response program by helping recapitalize major banks and providing trade finance guarantees.

6. **Strength of the Results Framework.** The results framework was well crafted, with a clear statement of the country development goals to which the Bank program would contribute, and with Bank Group contributions that were important to the development goals. Interventions were appropriate to achieve the Bank program objectives. The objectives were generally achievable, except some of the longer term objectives that were aspirational and had to be revised at the progress report

stage to reflect the real possibilities of reform. Although this was a shortcoming of the program, it may have reflected primarily the changing mood in the government towards certain areas of reform, highlighting tensions within the government coalition that hindered a consistent and evenly distributed approach to reform during the CPS period. Generally, the outcome indicators were appropriate to measure progress towards objectives and measurable (except a few that were qualitative and less specific), but in many instances they had to be changed at the progress report stage because the government changed specific sector strategies or modified its intentions about the pace of reform. From a reading of the CPS progress report and the completion report it appears that indicators were used effectively to monitor the program, particularly because many of them were linked directly to WBG interventions. IFC contributions were mentioned in the results framework but without explicit indicators or expected objectives.

7. **Risk Identification and Mitigation.** The strategy identified institutional capacity, external economic and financial risks, domestic economic risks, and social risks. These were indeed key risks to the program, and the mitigating measures, where feasible, were appropriate. To mitigate institutional capacity constraints the WBG program had a strong focus—including through AAA—on capacity building with an emphasis on public financial management and public administration reforms. The external economic and financial risks were exogenous and quite difficult to mitigate because the Bank had limited headroom to increase lending, and therefore had to rely on other development partners for mitigation. Domestic economic risks related to Romania's ability to withstand external shocks, the response of the economy to reforms, and the capacity to mobilize and absorb external funds. The program was part of a package (€20 billion) that provided sufficient space to build reserves, and help deal with worse-than-expected capital outflows and prolonged distress in the financial sector. On the capacity to mobilize and absorb external funds—which turned out to be a major problem with EU funds—the Bank responded by refocusing the strategy mid-way to emphasize EU fund absorption. Social risks related to unmet popular expectations, the persistence of core poverty relatively not impacted by economic growth, and the rise in transient poverty during the crisis. The WBG strategy mitigated such risks by targeting assistance to those in poverty or socially excluded as part of Bank-supported DPLs and other programs.

#### ***Overview of CPS Implementation:***

##### **Lending and Investments:**

8. IBRD had 16 ongoing investment operations totaling US\$1.6 billion at the start of the CPS. The ongoing portfolio was concentrated on rural sector and transport projects, with other interventions in energy and mines, environment, municipal services, judicial reform, health sector, and knowledge economy. These projects were complemented by 5 trust funded activities for US\$16 million with a focus on hazard mitigation, treating land degradation, and nutrient pollution control. During the CPS period, IBRD approved additional US\$3.5 billion in new commitments for 6 projects—4 development policy operations totaling US\$2.7 billion (80 percent of program) and 2 investment operations totaling US\$0.8 billion. This envelope compares with a CPS base case of EUR 1 billion, which envisaged two development policy operations for EUR 300 million and EUR 360 million in FY10, and a third development policy operation for EUR 340 million in FY11. The substantially higher commitments during CPS implementation reflect new lending proposed at the CPS progress report stage for a development policy operation with a deferred drawdown option (DDO) and an investment operation in revenue administration modernization totaling US\$1.3 billion and US\$92 million respectively, as well as unplanned IBRD financing for a Social Assistance System Modernization Project (FY11) for US\$710 million. Trust funds financed 2 activities for US\$2 million. The WB Business Warehouse shows a project on Results-Based Health Sector Reform Project proposed for FY13 that was eventually dropped.

9. During the CPS period IBRD's disbursement ratio for Romania (23.2 percent) was slightly above both the ECA region average (22.3 percent) and overall Bank average (22.7 percent). With 26.8 percent of the projects at risk, the Romanian portfolio performance was below the ECA region and the overall Bank, with 17 percent and 19.8 percent respectively. By contrast, with only 14.9 percent of the

committed amounts at risk, the Romanian portfolio out-performed the Bank (17.2 percent at risk) but underperformed ECA (13.6 percent at risk). IEG reviewed the ICRs of 9 projects that closed during the CPS period and rated 67 percent of them as moderately satisfactory or better. This compares with success rates for the overall Bank of 71.3 percent and 77.6 percent for ECA. On a commitment basis, IEG rated 88.1 percent of the committed amounts as moderately satisfactory or better which compares favorably to the overall Bank (83.5 percent) but unfavorably with ECA (92 percent).

10. In FY10-13 IFC had net commitments of \$636 million, more than 40 percent higher than in the previous CPS. IFC was very active primarily because of a substantial increase in short-term guarantees under the Global Trade Finance Program (GTFP). Guarantees amounted to \$143 million during the CPS period, and reached over 55 percent of commitments in FY13 from 4 percent in FY11. In FY10-13 IFC committed \$493 million in longer term investments, most in loans except for \$20 million in equity. A majority of longer term investments went to 8 banks and other financial institutions. IFC also invested in retail (\$115 million), power (\$99 million), river transport (\$14 million), and private health services (\$12 million).

11. Out of IFC's 22 partners with active projects during the CPS period, Development Outcome Tracking System evaluations were completed for only 15, of which 11 IFC investments were self-rated as successful. IEG validated 6 Expanded Project Supervision Reports (XPSRs) and found that 4 projects had successful development outcomes.

#### Analytic and Advisory Activities and Services

12. IBRD delivered 4 Economic and Sector Work (ESW) pieces and 25 Technical Assistance (TA) activities, most of them Reimbursable Advisory Services (RAS). The AAA program informed and helped guide the reform program supported by DPLs, and centered on education reform, health reform, civil service reform, financial sector reform and tax administration reform. The DPL-related AAA program included inter alia a Public Expenditure and Institutional Review (PEIR), technical notes on Medium Term Budgeting and Public Sector Pay and Policy Notes on the education and health sectors. In FY11, the Bank delivered 14 functional reviews (FRs) to support public sector reform. These reviews helped guide reforms with recommendations on strategic management, organizational structure, sector governance, budgeting and human resources management. IFC had no program of advisory services during the CPS period.

#### Partnerships and Development Partner Coordination

13. The CPS completion report notes a strong partnership with the IMF, the European Commission, and other financial institutions (EBRD, EIB). As an example it notes close collaboration with the IMF and the EC in assisting Romania to adjust macro imbalances, resume growth, and restart convergence to EU. IFC partnered with EBRD to support private green energy producers by financing one of the first wind power parks in Romania. In the health sector, the WBG coordinated with EIB and other partners.

#### Safeguards and Fiduciary Issues

14. The completion report does not discuss safeguard and fiduciary issues. However, the Inspection Panel received a request on October 31, 2012 by local residents in relation to the Mine Closure, Environment and Socio-Economic Regeneration Project (FY05). The requesters claimed that their safety and houses had been affected. Following the receipt of the request, the Inspection Panel conducted due diligence and ascertained that the project had been closed on October 31, 2012, and that the request was therefore not admissible for the Panel's review under the Resolution establishing the Inspection Panel (para 14(c)). The Panel issued a Notice of non-Registration to inform the Board of its decision. A previous Inspection Panel complaint—September 2006—in this same area (the Mine Closure and Social Mitigation Project) was considered closed when the requesters expressed their satisfaction with the Bank's efforts to implement agreed actions.

***Overview of Achievement by Objective:***

**Pillar I: Implement public sector reforms**

15. An immediate goal of pillar I was to secure fiscal savings without adversely affecting priority services and social assistance. A medium term goal of the pillar was to modernize public administration to improve the accountability and responsiveness of its staff, and to improve predictability and efficiency in public resource management.

16. **Make the Medium Term Expenditure Framework operational by 2012.** Formally, a medium-term expenditure framework was approved by parliament in 2011 with three-year ceilings for major spending ministries. In addition, a fiscal responsibility law approved in 2010 introduced expenditure-based fiscal rules, established an independent fiscal council, and improved budgetary procedures significantly. In substance, the authorities were able to exit the EC's excessive deficit procedure in June 2013 by bringing the fiscal deficit below 3 percent of GDP in 2012, relying primarily on expenditure measures of a long term nature (for example, reductions of public wages and subsidies). This was a remarkable achievement in a low growth environment. The indicator on reducing the variance between ceilings on main expenditure aggregates and actual expenditures was met. (*Achieved*)

17. The Bank supported the government with the IMF as part of Development Policy Loan I (FY10) and II (FY11). A key piece of advice to the government was a Public Expenditure and Institutional Review Update (FY10) which focused on opportunities for fiscal savings and efficiency gains in major expenditure categories, starting with education and health. Moreover functional reviews of twelve public institutions were carried out in FY11 within the framework of a 2009 memorandum of understanding between the government and the EC. Reviews provided advice on strategic management, organizational structure, sector governance, budgeting, and human resources management.

18. **Ensure that growth in the public wage bill is sustainable.** The idea was to set annual expenditure for personnel (2011-13) consistent with the limits approved in the medium-term expenditure framework and that would not increase as a share of GDP above the 2009 level. The CPS estimated a baseline of 7.5 percent of GDP in 2009 but it turned out to be 9.4 percent of GDP. The wage bill was 8.3 percent of GDP in 2010, 6.9 percent in 2011-12, and 7.4 percent in 2013. In line with Bank and IMF recommendations, base salaries comprise at least 70 percent of total compensation, which should limit the potential for deviations in the overall wage bill in future. (*Achieved*)

19. The main advice from the Bank was from the Public Expenditure and Institutional Review Update (FY10) and support was provided under the DPL I and II.

20. **Initiate the government's public administration reform.** The Bank's envisaged role was to support the government to improve the organizational effectiveness and transparency of the public administration at central and local levels, and improve the public pay system to enhance transparency and predictability, motivate performance among public sector employees, and attract and retain critical skills. This support would be provided primarily through the functional reviews of public institutions that were carried out in FY11. The recommendations for public administration reform and modernization were shared with the government in FY11. Reform action plans for Agriculture, Transport, Competition, Pre-University Education (1-2), Public Finance, Health, Labor, Environment, Regional Development, Economy and Energy were developed by ministries and implementation was begun. The action plans were reflected in the 2011 update of the government's National Reform Plan submitted to the Economic Commission, which assesses periodically progress in public administration reform. Progress in reform has been uneven—health and education were more promising, agriculture and transport less so. (*Achieved*)

21. **Make progress in enacting in implementing the strategies, tools, and procedures in the Reform Action Plans.** Although the Bank has played a positive role in this area, progress has been slow and the EC has noted in its review of implementation of reform action plans that public

administration capacity remains a core impediment to Romania's development. (*Partially Achieved*)

22. **Align public sector pay system to EU practice, ensuring transparency, equity, and ability to attract and retain critical skills in public administration.** The main idea was to address an issue of transparency in the public pay system—which had led to overspending in wages—whereby aggregate allowances and bonuses could exceed 70 percent of the base wage for some public sector employees. Following the Public Expenditure and Institutional Review Update (FY10), and functional reviews by the Ministry in FY11 the pay system was brought more into line with EU practices, and by 2011 allowances and wages were about 20 percent of total public compensation. However, the system is not aligned with EU practice, which is a pending task for after the CPS period. (*Mostly Achieved*)

23. **Strengthen the efficiency, accountability, and transparency of the justice system.** The number of cases disposed of or archived in selected pilot courts increased by 28 percent in April 2013 compared to the baseline according to Judicial Reform Project (FY06). Nevertheless, the implementation pace of JRP recommendations was slow, and measurable improvements in efficiency and quality in the judiciary and full implementation of Civil and Criminal codes are expected to be finalized beyond this CPS period. The JRP had to be restructured in Oct 2010 because of slow implementation of reforms. The latest report by the Economic Commission on the Cooperation and Verification Mechanism (CVM) notes that progress in this area “...is not straightforward, so that advances in one area can be constrained or negated by setbacks elsewhere.” In addition, the latest team supervision report of the JRP (December 29, 2013) notes that some activities of the JRP are falling behind schedule owing to insufficient provision of budget funds for the project. These concerns, which were raised in 2012 already, hinder implementation and the ability fully achieving the project's development objectives. (*Partially Achieved*)

24. **Enhance competence, professionalism and integrity of judiciary staff.** The Bank (JRP) would contribute through the introduction of pre-requisites on new qualification examinations procedures to be piloted by the National Institute of the Magistracy (NIM). The new qualification examination procedures were piloted successfully by the NIM at the time of the CPS progress report. The main criticism reported by the CVM was that competition for promotion to higher courts and direct entry were too theoretical. With respect to high level appointments, the CVM notes that the overall outcome in 2013 was not the result of a transparent process designed to allow scrutiny of the candidates' qualities and a real competition. (*Mostly Achieved*)

25. **Progress in judicial reform acknowledged by the EC under the Cooperation and Verification Mechanism.** The main target was for the new Civil and Criminal Codes to go into force. The new Civil and Criminal Codes and the accompanying procedural codes were adopted in 2009 and 2010, respectively. The Civil Code entered into force in October 2011, and the related procedural code (revised with Bank support under the JRP) was introduced in February 15, 2013. The Criminal Code and the related procedural code (revised with Bank support under the JRP) were enacted on February 1<sup>st</sup>, 2014. The latest CVM report notes that the picture that emerges from assessing judicial reform has consequences for the extent to which the reform process in Romania can be seen as sustainable. Challenges in parliament to the reform of the codes served as a reminder that there is no consensus about pursuing the objectives of the CVM. (*Partially Achieved*)

26. IEG rates the overall outcome of pillar I as moderately satisfactory. Fiscal savings were secured to achieve the government's fiscal targets while minimizing the fiscal adjustment's impact on poverty, and the modernization of public administration has begun to improve accountability and responsiveness of staff. Progress on governance and judicial reform has been slower than planned, and achievement of objectives on governance and judicial reform were not attained in this period.

#### **Pillar II: Enhance growth and competitiveness**

27. The short run goals of pillar II were to put in place crisis-management measures in the financial sector. Over the medium-term, the idea was to establish the building blocks for a resumption of growth for sustainable convergence to EU-average living standards through an improved business

environment, enhanced skills, upgrades in the infrastructure network and more efficient agriculture.

28. **Provide the government with policy options to update the National Reform Program and reflect the EU 2020 Strategy goals in Romania's national reform agenda.** This is an output introduced at CPS progress report stage. The government needed sector analysis to inform their post-crisis National Reform Program (NRP), reflecting the objectives of the new European strategies. The Country Economic Memorandum (FY13) responded to this demand and a draft was delivered to the government in CY12 and discussed in an international workshop with the EC (completion summary dated June 2013). The extent to which the draft informed the 2012-2014 NRP is unclear. (*Achieved*)

29. **Improve stability and resilience of the financial sector.** Romania's banks are mostly foreign owned. Following the global financial crisis they faced a perfect storm: parent banks trying to deleverage—and thus reducing the scope for business financed from abroad—and domestic enterprises and consumers facing a severe economic recession and increased unemployment. In this context, nonperforming loans (NPLs) reached about 21.9 percent of total loans by end-2013 up from significantly less than 10 percent in 2009. This was one of the highest and fastest growing levels of NPLs in the region according to the IMF. Yet, the system was resilient due to good provision rules—nearly 90 percent of the NPLs provisioned at end-2013—and adequate bank supervision by the central bank. Bank capital was a strong 15 percent of assets at end-2013, well above the regulatory minimum of 10 percent which was violated by only one bank. The authorities introduced several regulatory and legislative changes that aim at safeguarding financial stability. The DPL series complemented the IMF-led financial sector reform program, and a concrete contribution from the Bank was to make recommendations to eliminate rigidities in insolvency and foreclosure procedures based on a report on Standards and Codes on insolvency and creditor rights. (*Achieved*)

30. IFC supported banking sector recapitalization through equity investments in locally-owned Banca Transilvania, and subsidiaries and branches of European banks. Although the impact was positive in building confidence, IFC's equity investments amounted to a small share of the banking sector capital. IFC was also the largest investor in UniCredit Tiriac's first local currency bond issue—the largest on the Bucharest Stock Exchange after the crisis—and thus helped develop the local currency financial market.

31. **Improve governance of financial sector supervision.** In early 2009 the de Larosiere report prepared for the European Commission in the aftermath of the financial crisis concluded that financial supervision must be restructured along two lines: financial and operational independence of supervisors, and new rules to supervise financial conglomerates. According to the CPS completion report, the government has adopted the recommendations of the de Larosiere report with respect to the autonomy of financial sector supervisors. Moreover as a DPL III (FY12) prior action, the definition of financial conglomerates was revised in line with recommendations and supervisory arrangements as a whole were deemed adequate. A pending task for the Financial Sector Authority (FSA) is to complete the integration of the former three supervisory authorities and its internal organization so that governance of financial sector supervision is appropriate. This is an area where the IMF has taken the lead, and the Bank supported with conditionality under its DPL series, and TA on corporate and mortgage debt restructuring and on amendments to the insolvency and individual bankruptcy laws. (*Mostly Achieved*)

32. **Improve the competition regulatory framework in line with EU practices.** Based on findings of functional reviews a reform action plan was approved and issued by the government in 2011. Moreover the Romanian Competition Commission requested Bank assistance for the implementation of selected reform actions, particularly to review the legal framework for competition and suggest advocacy activities to promote competition. The Bank's Country Economic Memorandum (FY13) recognizes positive changes at the Romanian Competition Council since 2010, but also notes an overall restrictive environment for competition. While the government significantly improved the formal regulatory and competitive frameworks in the run-up to joining the EU in 2007, many reforms were not fully implemented or were dropped altogether. For example, ANRE, the energy regulator, lost its independence to later regain it in October 2012. Moreover, although there was formal alignment with EU legislation, both official and informal barriers to entry by foreign and domestic firms into

potentially competitive markets remained pervasive, leading to excessive market power in several sectors. A further hindrance to competition is the state's control over a significant share of the economy—the state controls at least one company in 16 economic sectors, including upstream sectors like gas, electricity, telecommunications, rail, road and water. According to the OECD's Product Market Regulation indicator Romania is the 4<sup>th</sup> most restrictive of EU countries, surpassed only by Greece, Portugal, and Poland. (*Partially Achieved*)

33. **Enhance the competence of the Romanian Competition Council (RCC).** A Bank review in 2010 showed that the RCC was less effective than its EU counterparts, partly because of work practices.<sup>1</sup> For example, just 5 percent of staff resources were dedicated to econometric analysis, which can help demonstrate collusion and quantify damages, compared with about 15 percent for the best-performing European agencies. This was largely because RCC lacked funding to attract the talent it needs. Since a 2010 review major improvements are the allocation of specific staff to enforcing the cartel law and an internal mechanism for prioritizing cases to focus on those where RCC has the best chances of bringing to closure. Yet, since that review Romania's ranking on "effectiveness on anti-monopoly policy" in the World Economic Forum perceptions-based index has declined from 66<sup>th</sup> to 93<sup>rd</sup> which suggests that enforcement of regulations and competition policy have worsened in relative terms. The ranking shows Romania lagging neighboring Hungary (77<sup>th</sup>), Poland (49<sup>th</sup>), and Slovakia (53<sup>rd</sup>). (*Partially Achieved*)

34. **Increase the participation of knowledge-disadvantaged communities in knowledge-based society/economy.** The Knowledge Economy Project (FY06) connected 255 previously disconnected communities—representing nearly half of the knowledge-disadvantaged communities—to information and communication technology. As a result Romania has seen a significant increase in individuals using the internet regularly—41 percent increase in the targeted communities, close to the national average. Similarly this project promoted wider use of e-government services. (*Achieved*)

35. **Provide policy recommendations to the government on R&D sector reform.** This was an output rather than an objective. The Bank completed a sector diagnosis and formulated recommendations for improvement as part of the functional review for the Research and Development sector (FY11). Yet, according to the Global Competitiveness Index of the World Economic Forum, as far as company spending on R&D goes, Romania's score declined from 3.0 in 2008 to 2.8 in 2013, and its ranking fell from 74<sup>th</sup> to 104<sup>th</sup> out of 148 countries in the same period. Romania's capacity for innovation though, showed a score of 3.3 in 2008 and 3.4 in 2013. Yet its ranking declined from 54<sup>th</sup> in 2008 to 90<sup>th</sup> in 2013 as the other countries in the sample improved their scores significantly. (*Partially Achieved*)

36. **Improve efficiency in primary and secondary education by providing more flexible financing, more autonomy, and enhanced accountability to local authorities and school principals.** The indicator was to increase the average class size from 19.6 students in school year 2008/09 to 23 in school year 2013/14. Information is not available. (*Not rated*)

37. **Complete analytical work for the government's Organizational Capacity in the Education Sector and for improving Romania's pre-university education.** The 2009 PISA results showed that 40 percent of Romanian 15-year-olds were functionally illiterate. In an effort to improve the quality of education the government has launched a reform of the pre-university system to give local governments and schools more autonomy while the central government focuses on setting standards and developing curricula. Within this context this objective (more precisely an output) was introduced in the Bank program at CPS progress report stage (November 2011) when the functional review of the Ministry of Education was already done. A follow-up program of reimbursable advisory services (signed October 2012) is assisting the Ministry to implement selected functional review recommendations. In practice, Romania's educational system quality appears to have declined during the CPS period. According to the World Economic Forum the score for quality of educational system declined from 3.6 in 2008 to 3.3 in 2013, and Romania's ranking fell from 71/134 in 2008 to 99/148 in

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<sup>1</sup> *Functional Review of the Romania Competition Council, World Bank, Washington DC, 2010.*

2013. (*Partially Achieved*)

38. **Increase advisory capacity and information systems to provide services to farmers and agro-processors in the context of EU membership.** The CPS completion report notes that 2075 advisors were trained—35 were trainers and 2040 were extension staff. The Bank provided support through the Complementing EU Support for Agricultural Restructuring Project (CESAR) (FY08). The Country Economic Memorandum (FY13) notes that field assessments have shown that while farmers are aware of support programs they know little about how support will evolve and the standards that they will have to observe to meet EU obligations. Older-farmers are not well-educated and are difficult to reach with advice, and farmers from small agricultural holdings are often not accustomed to keeping detailed records. Moreover, the extension institutional structure is being reorganized and the trainers and trained extension staff are no longer providing institutional extension services. As a consequence the advisory capacity is not having the desired effects in the field. (*Partially Achieved*)

39. **Improve convergence of Romania toward EU practice in agriculture and rural development.** Handbook on latest EU common agriculture policy provisions issued and updated in 2013, but there is no evidence on impact, and the expected scaling up of handbook use is yet to start. This handbook was intended for the trainers (see # 39), who are currently not providing institutional extension services to farmers. Therefore, the Bank's contribution in this area by June 2013 is difficult to assess, as is progress in convergence of Romania's practice toward EU practice in agriculture and rural development. (*Partially Achieved*)

40. IFC supported 3 banks that provided short-term financing to farmers. One project was successful but outcomes were unsatisfactory for the other two as a result of poor financial and economic results.

41. **Increase the efficiency of operational management of Ministry of Agriculture and Rural Development.** The functional review of the ministry of agriculture included recommendations that are taking time to be implemented. A new internal management system is being developed with Bank assistance. A significant improvement in the efficiency of operational management of the ministry will have to wait until after the CPS period. (*Partially Achieved*)

42. **Increase European Agriculture Fund for Rural Development funding for Romanian beneficiaries.** This objective and its indicator were introduced at CPS progress report stage to reflect a renewed focus on the absorption of EU funds. The indicator has been directly obtained from the CESAR project (FY07)—restructured in 2010. The CPS completion report notes that nearly 49 percent of the 2007-13 EAFRD funds allocated to the National Rural Development plan were disbursed to beneficiaries by end-2012. The impact from the increased allocation is unclear. (*Achieved*)

43. **Increase security of electricity supply through integration of regional markets and attracting private sector in the development of energy markets.** Romania wanted to become a player in the regional electricity market and also move to renewable energy production—and has moved in that direction. Cross-border inter-transmission service operators' compensation mechanism—including a regional auction office—has been established and is operational. Mandatory quotas for renewable energy acquisition for power suppliers have been established, and wind power parks were developed including with IFC support. Moreover, a Bank Privatization Risk Guarantee helped mobilize private investment in energy distribution companies. (*Achieved*)

44. IFC invested in the first two wind power parks in Romania with mostly successful development outcomes, including excellent results on environmental and private sector development aspects.

45. **Reduce the probability of severe accidental mine spills in the Tisza basin.** According to the CPS completion report, standards set for management and maintenance of mines was achieved for at least 70 percent of the inventory of mine facilities. The standards were issued under the Global Environmental Facility and based on international best practice. Romanian mine owners, operators and regulators have taken on the mine safety and management standards and practices developed under the project, and are implementing the good practice approach and techniques promoted by the project. The Bank supported this objective through the Mine Closure, Environment & Socio-Economic

Regeneration Project (FY05). (*Achieved*)

46. **Implement EU Water and Nitrates Directives.** The EC report on the Nitrates Directive includes Romania among the countries that reassessed their nitrates vulnerable zones and issued revised action programs for 2008-11. According to the Romania team, implementation of the EU water and nitrates directives is a developmental priority for Romania, and the directives are being implemented. The Integrated Nutrient Control Project (FY08) had to be extended to Nov 2015 to achieve its objectives. The government has shown commitment to complete the required investments but strict budget austerity has delayed activities in this area. (*Mostly Achieved*)

47. **Increase EU funds absorption.** This objective was introduced at CPS progress report stage in recognition of the importance of EU funds absorption on which Romania was lagging significantly other new EU member states. The completion report notes that the target of Euro 1 billion was achieved under the Municipal Services Project (FY07). The Romania team also reports that other projects, such as the one on Judicial Reform (FY06) and the Knowledge Economy Project (FY06) also followed the example of the municipal project and contributed to this objective. The impact of the increased EU fund absorption is unclear. (*Achieved*)

48. **Improve Ministry of Transport capacity to consistently implement a general strategy that links each strategic item to the overall strategy.** The transport sector is problematic. Both the Transport Sector Support Project (FY07) and the Transport Restructuring Project (FY05) closed in FY10 without completing the institutional reform programs in roads and railways. Bank assessments indicate that the government appeared to have lost interest in pursuing reforms once it became an EU member in 2007. Strategic dialogue in the transport sector—including exchanges with the European Commission—continued during 2010-13 under the functional reviews and follow-up technical assistance program for the Modernization of Public Administration (FY11). According to the CASCR completion report the Bank delivered a transport sector strategy in December 2012. The strategy was discussed with the Ministry of Transport but not approved by the government yet, and therefore is not being implemented. (*Partially Achieved*)

49. IFC invested in 3 river transportation and logistics business projects to modernize fleets, upgrade services, and improve competitiveness. IEG rated these projects mostly successful, although the projects' financial results and economic sustainability were partly unsatisfactory.

50. **Improve emergency preparedness and response management.** An emergency communication system was prepared by December 2009 under the Hazard Risk Mitigation and Emergency Preparedness Project (FY04), and the system is operational. The emergency management information system was extended to include all central and local administration units in October 2013, beyond the CPS period. Moreover, the CPS completion report notes that there has been seismic retrofitting of 44 public buildings by October 2012 and safety restored to seven high risk dams. (*Achieved*)

51. IEG rates the overall outcome of pillar II as *moderately satisfactory*. Short term measures for the financial sector have been effective but other measures under the pillar did not add up to a fully coherent whole. The pillar was based on a number of outputs and activities rather than objectives. Outputs and activities were delivered, but it is unclear if the objectives for them were achieved. Progress was made in absorption of EU funds but some other key objectives in transport and agriculture will have to wait for future partnership strategies.

### **Pillar III: Improve social and spatial inclusion**

52. The short-term goal of pillar III was to protect the new and existing poor populations from the adverse effects of the crisis. Over the medium term, the objective was to promote social inclusion and regional development.

53. **Improve social inclusion of Roma living in poor settlements.** The Social Inclusion Project (FY06) contained sub-components aimed at improved access to rural infrastructure, roads, and water supply in targeted Roma communities. The gap in the living conditions index between targeted Roma settlements and neighboring communities was reduced by over 40 percent between

2008 and 2013. The Bank has continued to support the government with advice on developing national policies and identifying cost-effective programs to integrate the Roma, but it is fair to say that Romania has been criticized recently by the European Commission for not using effectively EU funds assigned to Roma integration. (*Achieved*)

**54. Increase inclusiveness of children in disadvantaged groups in Early Childhood Education services.**

The Social Inclusion Project (FY06) helped construct and rehabilitate kindergartens in 27 Roma communities, developed an Early Childhood Education (ECE) curriculum, trained ECE staff, and experimented with alternative community-based solutions for ECE. There is no data available to assess the achievement of this objective. (*Not Rated*)

**55. Increase the coverage and adequacy of the Guaranteed Minimum Income (GMI) program.**

All entitled GMI beneficiaries were being paid the benefit as of end-2011, and the benefit as a share of average household consumption has been maintained throughout the CPS period. (*Achieved*)

**56. Improve social assistance equity and efficiency.** The objective was to increase the share of social assistance going to the poorest quintile from 37.7 percent in 2009 to 45 percent in 2013. By June 2013 significant progress had been made to implement social assistance reform and putting in place the pre-conditions for meeting the target: a new Social Assistance Framework Law was adopted, means-testing procedures for GMI introduced, family allowances and heating benefit programs were harmonized to a large extent, and the National Agency for Social benefits took over the eligibility assessment and payments for the GMI. Moreover, the Bank completed the analysis for the consolidation of means-tested programs into a single flagship anti-poverty program and discussed the options with the government. Nevertheless, the complex technical work for these reforms took longer than anticipated and therefore the objective was not achieved during the CPS period. (*Not Achieved*)

**57. Consolidate social assistance programs to better serve the poor in the most cost efficient manner.**

General principles were established in the Social Assistance Framework Law—adopted by parliament in December 2011. Simulations of the Minimum Social Insertion Income (MSIY) cost and outcomes were completed with Bank support. Yet, due to technical issues and lack of fiscal space to accommodate the cost of the program, the MSIY is expected to become operational only in January 2015. (*Partially Achieved*)

**58. Improve fiscal sustainability of the public pension pillar.** The original target in the CPS was to reduce the public pension pillar deficit by 0.5 percent of GDP (by 2015) through parametric reforms, including an increase in the retirement age of women to 65. In 2010 there was a consolidation into the public pillar of special pension systems—army and internal affairs—which made the reduction in the deficit unrealistic. Therefore the target was revised at the CPS progress report stage to not exceed the deficit of the public pillar in 2011 (recalculated to 2.3 percent of GDP). The CPS completion report notes an estimation of 2.3 percent of GDP deficit in 2013. The parametric reforms are going to be much more gradual than originally envisaged in the CPS. The consolidation of public pension systems adds fairness and transparency to the system. (*Mostly Achieved*)

**59. Equalize retirement age between men and women.** The CPS targeted an increase in the retirement age of women to 65 by 2014. There was no political consensus to do this so quickly and the pension law has a target of 63 years by 2030 (from a baseline of 57 in 2008 and 59.8 currently). The CPS progress report therefore revised the target to 63 years by 2030. (*Partially Achieved*)

**60. Improve the efficiency and quality of health services.** The idea was to significantly reduce the rate of admission of acute care facilities, increase share of generic drug use, reduce maternal mortality, and reduce the death rate among emergency patients. The Health Sector Reform APL (FY05) helped increase access to and improve of maternal, rural, and emergency health care services, prepare Romania's Primary Health Care Strategy and review the content and listing processes for the Romanian basic package of health services and technologies, both in 2011. The CPS completion report notes that the annual rate of admission to acute care facilities was below 170 per 1,000 as of 2011 compared to a baseline of 229 per 1,000 in 2008, the share of generic drug use has increased in line with CPS target, the maternal mortality and the 24-hour death rate among

patients treated in the emergency room declined by 10 percent compared to the 2007 baseline. (*Achieved*)

61. IFC made two investments in a health care operator and mobilized € 28 million in a syndicated loan. The operator has become the leading player in the private health care market providing integrated medical services for corporate clients and individuals. Moreover it supported bank on-lending for small health enterprises and individual healthcare professionals to expand and modernize their operations.

62. **Mobilize resources for health in a transparent and equitable manner.** A number of initiatives on copayment for services were supposed to promote the use of health services in a rational way and prepare the ground for the introduction of private health insurance. The copayment system was implemented in March 2013 based on a modest fixed amount depending on the services used in hospitals, excluding emergency services. A substantial share of health service users are still exempted from copayment depending on their income. Although the original CPS contained a target for voluntary health insurance, this was eventually dropped on the assumption that increasing private sector participation in the provision of health services is a good substitute. (*Partially Achieved*)

63. **Rationalize medical service provision by integration of nation-wide networks.** The Bank diagnostic was that the provision of health services was quite irrational because there were too many hospitals with too many beds, very few facilities for outpatient services and secondary ambulatory care (diagnostic and treatment), and that primary care physicians were underutilized. In the functional review of the Health Ministry (FY11) the Bank made recommendations to streamline health service delivery and establish health service delivery networks that would optimize the supply of services. These recommendations were reflected in the National Strategy for Hospital and Sanitary System Rationalization, and all hospitals were reclassified according to this strategy by end-2011. A key concept in the strategy is to establish health networks that would function as referral systems to secure access to high quality health services. The government remains committed to this concept under the Health Reform Program, but the CPS target to have at least 4 regional or local national health networks functionally and legally established will have to wait until after the CPS period. (*Partially Achieved*)

64. IEG rates the outcome of WBG support under pillar III as *moderately satisfactory*. In most objectives under this pillar results moved in the right direction but at a slower pace than envisaged in the CPS. Some longer term issues, such as pension sustainability, will probably require additional reforms in the system parameters currently in place. Parametric reforms of the pension system were much more gradual than originally envisaged. The government has taken steps on Roma inclusion, but according to the EC these steps have been insufficient and the government has not shown the required political resolve to make faster progress on Roma issues. As a result a substantial amount of EU funds assigned for the purpose remain unused.

Objectives	CASCR Rating	IEG Rating
Pillar I: Implement public sector reforms	NA	Moderately Satisfactory
Pillar III: Improve social and spatial inclusion	NA	Moderately Satisfactory
Pillar III: Improve social and spatial inclusion	NA	Moderately Satisfactory

#### 4. Overall IEG Assessment

	CPSCR Rating	IEG Rating
<b>Overall Outcome:</b>	Moderately Satisfactory	Moderately Satisfactory
<b>WBG Performance:</b>	Moderately Satisfactory	Good

**Overall outcome:**

65. IEG rates the overall outcome of WBG support as *moderately satisfactory*, in line with the CPS completion report. The re-engagement of the Bank with Romania was fairly successful, especially during the first half of the CPS period. The government started with fairly ambitious objectives in FY09—in the midst of a serious global financial crisis—and concentrated its efforts on stabilizing the economy. Under pillar I the government secured fiscal savings to achieve fiscal targets—while maintaining the focus on poverty—and modernized public administration to begin to improve the accountability and responsiveness of its staff. In pillar II short term measures for financial sector strengthening were also effective. By the FY12 progress report, the pace of reform declined in some areas, which affected the achievement of CPS objectives. Progress on governance and judicial reform in pillar I, for example, was slower than planned under the CPS, and the achievement of objectives on governance and judicial reform will have to wait until after this CPS period. In pillar II, outside of the financial sector measures, the pillar was based on a number of outputs and activities rather than objectives. Most of these measures were implemented and the outputs on the whole delivered, but it is unclear if the objectives on growth and competitiveness were achieved. Indeed, the Romanian economy is reviving only slowly and its potential growth remains significantly lower than before the crisis. Progress was made in absorption of EU funds, but some other key objectives in transport and agriculture will have to wait for future partnership strategies. In most objectives under pillar III results moved in the right direction but at a slower pace than envisaged in the CPS. Some longer term issues, such as pension sustainability, will probably require additional reforms because parametric reforms of the pension system were much more gradual than originally envisaged. The government has taken steps on Roma inclusion, but according to the EC these steps have been insufficient and the government has not shown the required political resolve to make fast progress on Roma issues. As a result a substantial amount of EU funds assigned for the purpose remain unused.

**WBG Performance:**

66. IEG rates WBG performance as *good*. Program design was appropriate to achieve CPS objectives in public sector reform, growth and social inclusion. The main assumption for WBG interventions to achieve the objectives was government ownership across a broad and challenging set of reforms. A programmatic series of three Development Policy Loans and a Development Policy Operation with a drawdown option anchored the program, and contained measures under the three pillars. The AAA program was consistent with the financing activities, with a special emphasis on reimbursable advisory services financed with EU grants and devoted to functional reviews of virtually the whole central government. Risks were well assessed, and the mitigating measures, where feasible, were appropriate. The results framework was well crafted, with a clear statement of the country development goals to which the Bank program would contribute and with Bank Group contributions that were important to those goals. The objectives were generally achievable, except for some longer term objectives that were aspirational. Although this was a shortcoming of the program, it reflected a more realistic assessment of reform possibilities in the mid-term review, and tensions within the government coalition that hindered a consistent and evenly distributed reform effort during the CPS period. Generally, outcome indicators were appropriate to measure progress toward objectives and measurable, but in many instances they had to be changed at progress report stage because the government changed specific sector strategies or modified its intentions about the pace of reform. Indicators were effectively used to monitor the program because most of them came directly from WBG interventions. A shortcoming of the results framework is that a significant number of objectives, especially in Pillar II on growth and competitiveness, refer to activities or delivery of outputs—and while the outputs were delivered it is unclear if the underlying objective was achieved. Contributions envisaged by IFC were mentioned in the results framework but without achievement benchmarks or specific objectives. Implementation of the program was adequate. Overall portfolio performance improved during the CPS period, showing 5 projects at risk in FY10 and 2 projects at risk in FY13. All projects started during the CPS were rated as Satisfactory at closing by IEG or by team self-evaluations for the ones still ongoing. Some projects—for example the judicial sector project and the social inclusion project—have been disbursing relatively slowly because of long approval cycle of investments, changes in ministry upper management that led to change in technical approach, and binding budget constraints in some cases. The CPS progress report used well the opportunity for a reassessment in light of the shift in government

policies from crisis response to a European lens and a focus on longer term reforms needed for success in the European market and for converging to EU living standards. The Bank program was very well coordinated with the IMF and the EC, particularly on public sector and financial sector reforms.

## 5. *Assessment of CPS Completion Report*

67. The CPSCR provided a candid discussion of achievements under the WBG program but followed the structure of objectives and results framework of the CPS rather loosely. Therefore it was difficult to obtain the evidence of WBG's contribution to country outcomes in a number of instances. As a result, IEG needed to consult with the Romania team extensively to obtain evidence on the achievement of many objectives. The CASCER did not explain the substantial changes made at CPS progress report stage and therefore IEG had to also consult extensively with the Romania team to understand the changes. In a number of instances the CPSCR focused on outputs rather than achievement of objectives, but this in part reflected a shortcoming of the CPS. While the completion report covers IFC activities well, it does not explain how and to what extent IFC projects contributed to CPS objectives.

68. There was no discussion of safeguard, fiduciary, or conflicts of interest issues in the CPSCR. However, the Inspection Panel received a request on October 31, 2012 by local residents in relation to the Mine Closure, Environment and Socio-Economic Regeneration Project (FY05). The requesters claimed that their safety and houses had been affected. Following the receipt of the request, the Inspection Panel conducted due diligence and ascertained that the project had been closed on October 31, 2012, and that the request was therefore not admissible for the Panel's review under the Resolution establishing the Inspection Panel (para 14(c)). The Panel issued a Notice of non-Registration to inform the Board of its decision. A previous Inspection Panel complaint—September 2006—in this same area (the Mine Closure and Social Mitigation Project) was considered closed when the requesters expressed their satisfaction with the Bank's efforts to implement agreed actions.

## 6. *Findings and Lessons*

69. IEG agrees with the CPSCR conclusions on partnership, programmatic development policy loans, the usefulness of reimbursable advisory services, and inclusive consultation.

70. The experience of the Bank in Romania shows that: (a) partnerships (with EC, IMF) can be powerful to get reforms done when government ownership is lukewarm; (b) programmatic DPLs is an effective instrument to sequence reform according to priority and build on achievements in a crisis situation, but can lose effectiveness as soon as the crisis is over and the incentive for reform wanes; and (c) demand-driven advisory services can be a very effective tool in a middle-income country that has a fairly clear policy path and shortage of local skills in diagnostics and policy design.



- Annex Table 1:** **Summary of Achievements of CPS Objectives**
- Annex Table 2:** **Planned and Actual Lending, FY10–FY13**
- Annex Table 3:** **Grants and Trust Funds Active in FY10–FY13 (US\$ million)**
- Annex Table 4:** **Analytical and Advisory Work for Romania, FY10–FY13**
- Annex Table 5:** **IEG Project Ratings for Romania, FY10–FY13**
- Annex Table 6:** **IEG Project Ratings for Romania, Exit FY10–FY13**
- Annex Table 7:** **Portfolio Status for Romania and Comparators, FY10–FY13**
- Annex Table 8:** **Disbursement Ratio\* for Romania and Comparators,  
FY10–FY13 (US\$ Million)**
- Net Disbursement\* and Charges for Romania (US\$ million),  
FY10–FY13**
- Annex Table 9:** **IFC Investments Committed in FY10–FY13, Investments Committed  
pre-FY10 but active during FY10–FY13**
- Annex Table 10:** **IFC Net Commitment Activity for Romania**
- Annex Table 11:** **Total Net Disbursements of Official Development Assistance  
and Official Aid for Romania**
- Annex Table 12:** **Economic and Social Indicators for Romania, 2010 - 2013**
- Annex Table 13:** **Millennium Development Goals**



**Annex Table 1: Summary of Achievements of CPS Objectives**

CPS FY10-FY13: Pillar I - Public Sector Reform	Actual Results (as of current month/year)	Comments
<b>1. CPS Objective 1:</b> Medium Term Expenditure Framework operational by 2012 and beyond		
<b>Indicator:</b> Variance between main aggregate ceiling (Wage, Goods & Services, Capital) approved by Parliament in the MTEF (2011-13) and the actual expenditures.  <b>Baseline:</b> 27% variance for three largest economic classes (Wage, Goods & Services, Capital) (2008).  <b>Target:</b> ≤ 17%	Variance down to 10% in 2010 and significantly below in 2011 and 2012.	Source: CPSCR
<b>2. CPS Objective 2:</b> Sustainable growth in public wage bill		
<b>Indicator:</b> Annual expenditure for personnel (2011-13) consistent with the limits approved in MTEFs and does not increase as a share of GDP above expected 2009 level.  <b>Baseline:</b> 9.4% (2009)  <b>Target:</b> ≤ 9.4%	Wage bill at 8.3% of GDP in 2010; 6.9% in 2011 and 2012; and 7.4% in 2013.	Source: CPSCR and Romania Team.
<b>3. CPS Objective 3:</b> Initiation by GOR of the RO PA Reform - approval of Reform Action Plans for selected PA institutions		
<b>Indicator:</b> Initiation of RO PA Reform.  <b>Baseline:</b> No (RO PA reform agreed with EC in 2009 but not yet initiated)  <b>Target:</b> Yes (RO PA Reform initiated and reflected in Romania's 2011 update of its National Reform Plan (sent to EC).	Functional Reviews completed for ministries and agencies selected for Phases 1 and 2, and Reform Action Plans (based on recommendations in the Functional Reviews) submitted to the EC.	Source: CPSCR and Romania Team.
<b>4. CPS Objective 4:</b> Progress in enacting and implementing the strategies / tools / procedures in the Reform Action Plans		
<b>Indicator:</b> Favorable assessment by EC of Romania's progress in improving the organizational effectiveness and transparency of its Public Administration (EC Opinion on the National Reform Plan	Reform Action Plans submitted by Government of Romania to the EC and selected reform measures are under implementation with Bank support. EC has positively acknowledged the role of the Bank in the Functional Reviews and Reform Action Plans. EC review of Romania's National Reform Plan 2012/2013 took stock of the Functional Reviews and Reform Action Plans, noting however that PA	Source: CPSCR and Romania Team.

	CPS FY10-FY13: Pillar I - Public Sector Reform	Actual Results (as of current month/year)	Comments
	<p>and progress under the Memorandum of Understanding with EU).</p> <p><b>Baseline:</b> No (favorable assessment)</p> <p><b>Target:</b> Yes (favorable assessment)</p> <p><b>5. CPS Objective 5:</b> Align public sector pay system to EU practice (transparency, equity, ability to attract &amp; retain critical skills in public administration)</p>	<p>capacity remains a core issue. This is a long-term institutional development agenda, and the Bank continues to support Government of Romania in this area.</p>	
	<p><b>Indicator:</b> Reduction in aggregate allowances and bonuses and limit amount for any individual.</p> <p><b>Baseline:</b> Per empirical evidence (IMF, Bank) aggregate allowances and bonuses can exceed 70% of base wage</p> <p><b>Target:</b> Maximum 30% of the total public compensation by 2011, and maintained.</p>	<p>20.8% of the total public compensation in 2011.</p>	<p>Source: CPSCR and Romania Team.</p>
	<p><b>6. CPS Objective 6:</b> Improved judicial efficiency in pilot courts</p> <p><b>Indicator:</b> Number of cases disposed of or archived in selected pilot courts.</p> <p><b>Baseline:</b> 11.224 (2008)</p> <p><b>Target:</b> 10% increase (2013)</p>	<p>Judicial Reform Project (JRP) reported a 28% increase in April 2013.</p>	<p>Source: CPSCR and Romania Team.</p>
	<p><b>7. CPS Objective 7:</b> Enhanced competence, professionalism and integrity of judiciary staff (Bank contributes via creation of pre-requisites)</p> <p><b>Indicator:</b> New qualification examination procedures are successfully piloted by National Institute of Magistracy, and maintained.</p> <p><b>Baseline:</b> No (qualification examination procedures)</p> <p><b>Target:</b> Yes (qualification examination procedures are successfully piloted by Nat. Institute of Magistracy and maintained)</p>	<p>New qualification examination procedures were successfully piloted by the National Institute of Magistracy by the time of the CPSPR.</p>	<p>Source: CPSCR</p>
	<p><b>8. CPS Objective 8:</b> Progress in Judicial Reform acknowledged by EC under the Cooperation and</p>		

	CPS FY10-FY13: Pillar I - Public Sector Reform	Actual Results (as of current month/year)	Comments
Verification Mechanism (Codes entering into force area)			
<b>Indicator:</b> Progress in Judicial Reform	The new Civil and Criminal Codes and the accompanying procedural codes were adopted in 2009 and 2010 (internal approval process in the Romanian Judiciary)	Source: CPSCR and Romania Team.	
<b>Baseline:</b> No (Romania Civil and Criminal Codes and Procedure Codes are not aligned to European practice).	The Civil Code entered into force in October 2011, and its related procedural code (revised with Bank support under JRP) entered into force February 15, 2013.		
<b>Target:</b> Yes (New Civil and Criminal Codes and Procedure Codes enforced)	The Criminal Code and its related procedural code (revised with Bank support under JRP) entered into force February 1st, 2014, after the CPS period.		

	CPS FY10-FY13: Pillar II – Growth and Competitiveness	Actual Results (as of current month/year)	Comments
9. <b>CPS Objective 9:</b> Policy options available to the Government for informing the update of the National Reform Program and reflecting the EU 2020 Strategy goals in Romania's national reform agenda			
<b>Indicator:</b> Policy options available to the Government for informing the update of the National Reform Program and reflecting the EU 2020 Strategy goals in Romania's national reform agenda	Policy options delivered to client in calendar year 2012 via the Country Economic Memorandum (CEM). The options were discussed in an international workshop with the EC and other international participation (completion summary dated June 2013).	Source: CPSCR and Romania Team.	
<b>Baseline:</b> No (policy options)			
<b>Target:</b> Yes (policy options)			
10. <b>CPS Objective 10:</b> Improved stability and resilience of the financial system to economic shocks			
<b>Indicator:</b> Bank system remains well capitalized (average capital ratio at 14.2% in June 2011 - IMF assessment).	Capital adequacy ratio up to 15% in September 2013 vs. 13.8% in 2008. Stress tests conducted and strategic action plan for financial sector strengthening approved by the National Bank of Romania and Ministry of Trade and Public Finance under DPL1 (in 2010).	Source: CPSCR and Romania Team.	
<b>Baseline:</b>			
<b>Target:</b>	Out-of-court insolvency proceedings set in place, guidelines for corporate debt restructuring and corporate debt restructuring issued and published by the National Bank of Romania and the Ministry of Public Finance under DPL2 (in September 2010).		
11. <b>CPS Objective 11:</b> Improved governance of financial sector supervision			
<b>Indicator:</b> Recommendations of the de Larosiere report adopted, notably with respect to independence and autonomy of	The CPSCR reports that the indicator was achieved in 2011. Yet, a pending task for the Financial Sector Authority (FSA) is to complete the integration of the former three	Source: CPSCR, Romania Team, and IMF reports.	

	CPS FY10-FY13: Pillar II – Growth and Competitiveness	Actual Results (as of current month/year)	Comments
	<p>financial sector supervisors (CSA, CNVM, and CSSPP).</p> <p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes</p> <p><b>Indicator:</b> Supervision standards, regulations and practices strengthened, in line with Basel II.</p> <p><b>Baseline:</b> Romanian Financial Sector (National Bank of Romania – NBR) is not fully compliant with Basel II (coverage of operational risks, financial sector supervision).</p> <p><b>Target:</b> Romanian Financial Sector ((National Bank of Romania – NBR) aligned with Basel II regulations in respective areas.</p>	<p>supervisory authorities and its internal organization so that governance of financial sector supervision is appropriate.</p>	
	<p><b>Indicator:</b> Availability of IFC support for banking sector recapitalization / Equity and quasi-equity instruments provided to local Banks to support the Banking sector recapitalization (Banca Transilvania, Pro-Credit Bank)</p> <p><b>Baseline:</b></p> <p><b>Target:</b></p>	<p>The CPSCR reports that the indicator was achieved.</p>	<p>Source: CPSCR and Romania Team</p> <p>This indicator was introduced ex post in the CPSCR to show IFC contribution.</p>
	<p><b>Indicator:</b> Availability of IFC support for banking sector recapitalization / Participation of IFC as largest investor in UniCredit Tiriac bank first bond issue (largest local currency bond issue on the Bucharest Stock Exchange and the first local currency bond issue by a financial institution in Romania since starting of crisis).</p> <p><b>Baseline:</b></p> <p><b>Target:</b></p>	<p>The CPSCR reports that the indicator was achieved in 2011</p>	<p>Source: CPSCR</p> <p>This indicator was introduced ex post in the CPSCR to show IFC contribution.</p>
<p><b>12. CPS Objective 12:</b> Improved competition regulatory framework (in line with EU practices)</p>			

	CPS FY10-FY13: Pillar II – Growth and Competitiveness	Actual Results (as of current month/year)	Comments
<b>Indicator:</b> Revised regulatory framework enacted in relation to competition principles  <b>Baseline:</b> No  <b>Target:</b> Yes (2013)	A new Competition Law was adopted in 2011. However, improvements are still needed. Reviews of the main legal and regulatory framework for competition have proceeded with Bank support. Based on FRs findings a Reform Action Plan was issued and approved by GOR in 2011. Further, Romanian Competition Council (RCC) requested World Bank assistance over a period of 23 months (new RAS June 2012 – May 2014) for implementation of selected reform actions: (1-review of legal framework competition; 2-advocacy activities to promote competition; 3-implement a new business architecture using ITC; 4-HR capacity building). Progress under RAS is monitored regularly by GOR-Bank- European Commission.	Source: CPSCR and Romania Team	
<b>13. CPS Objective 13: Enhanced Competence of the Romanian Competition Council (RCC)</b>			
<b>Indicator:</b> RCC ranking in the EU  <b>Baseline:</b> RCC the lowest in EU ranking (low ranking reflects FRs findings on staffing for competition enforcement and economic analysis of RCC )  <b>Target:</b> Improved RCC ranking by 2013 (competition enforcement and economic analysis staffing of RCC reinforced in 2011 by hiring economic staff)	Reviews of the Human Resources management policies and practices were finalized and a draft Training Needs Assessments and Training Plan developed with Bank support. Specifically analysis in HR area covered the impact of RCC reform strategies on staffing, gap analysis for HR Processes (evaluation on three dimensions: the process flow (correctness and constraints – given by law), efficiency (performance indicators, measurement and use) and the level of integration with all the other systems), training needs. To date training of RCC staff is ongoing with Bank support and EC funding from Romania's structural funds.	Source: CPSCR and Romania Team.  No evidence of improved ranking.	
<b>14. CPS Objective 14: Increased participation of K-disadvantaged communities in K-based society / economy</b>			
<b>Indicator:</b> % of Population in disadvantaged communities using the Local Community e-Networks as tool for education, business, public administration and are satisfied with the results.  <b>Baseline:</b> 0% (2005)  <b>Target:</b> 40% (2013)	The KE Project connected 255 K-disadvantaged communities to ICT vs. none before the project. This represented 44% of the total K-disadvantaged communities as of July 2013.	Source: CPSCR	
<b>Indicator:</b> Level of ICT integration in schools  <b>Baseline:</b> 35% (2007)	As of February 2013, the level of ICT integration in schools was 93%. The target is expected to be fully met, but this can only be verified at the beginning of the 2014-school year.	Source: CPSCR and Romania Team.	

CPS FY10-FY13: Pillar II – Growth and Competitiveness	Actual Results (as of current month/year)	Comments
<b>Target:</b> 100% (2013)		
<b>15. CPS Objective 15:</b> Policy Recommendations available to the Government that support RD&I Sector Reform	<b>Indicator:</b> Policy Recommendations available to the Government that support RD&I Sector Reform  <b>Baseline:</b> No  <b>Target:</b> Yes	The CPSCR reports that the indicator was achieved in 2011.  Source: CPSCR and Romania Team.  No evidence that recommendations acted upon or what was there impact. WEF on R&D shows poor Romania performance during CPS period.
<b>16. CPS Objective 16:</b> Improved efficiency in primary and secondary education by providing more flexible financing, more autonomy and enhanced accountability (focusing on results) to local authorities and school principles	<b>Indicator:</b> Increase in average class size  <b>Baseline:</b> 19.6 in school year 2008/09  <b>Target:</b> 23 in school year 2013/14	21.7 students per class as of 2011/12. No more recent data reported.  Source: CPSCR and Romania Team.
<b>17. CPS Objective 17:</b> Financial support to tertiary students in a more equitable manner and with better incentives built into the support	<b>Indicator:</b>  <b>Baseline:</b>  <b>Target:</b>	Introduction of a Student Loan Scheme discussed with GoR (per milestone), but not implemented because of budget constraints due to the financial crisis.  Source: CPSCR and Romania Team. The indicators proposed in the CPS to measure the achievement of this objective were dropped. No alternative indicators were proposed in the CPSPR because the fiscal adjustment in line with EU requirements left no room for the student loan program. IEG does not take into consideration this objective for the overall assessment.
<b>18. CPS Objective 18:</b> Analytical work completed & Conceptual Frameworks available to Government for development of the Organizational Capacity in the Education Sector (MERYS) and improving Romania's pre-university education system	<b>Indicator:</b>	Functional Reviews provided recommendations that informed Reform  Source: CPSCR and Romania Team

	CPS FY10-FY13: Pillar II – Growth and Competitiveness	Actual Results (as of current month/year)	Comments
<b>Baseline:</b> Functional Reviews (FRs) of key ministries (including Ministry of Education) and government agencies identified as short term priority by GOR in 2010	<b>Target:</b> Completion of Functional Reviews of key ministries and government agencies (including Ministry of Education-Pre-university education) by June 2011.	Action Plans for the Ministry of National Education, pre-university, and higher education. A follow up RAS program (signed October 2012) is assisting the Ministry to implement selected Functional Review recommendations, such as enhancing its administrative capacity, developing the management and leadership skills of its managers and executive staff, and improving the organizational culture and management practices in the Ministry. In addition, the Ministry is implementing additional Functional Review recommendations on its own, with the Bank serving as peer reviewer, including: (i) modernization of Ministry strategy; (ii) establishing a system for M&E and reporting organizational performance; and (iii) design, development and delivery of training programs.	
<b>19. CPS Objective 19:</b> Increased capacity of RO advisory and information systems to provide services to farmers and agro-processors in the context of EU membership			
<b>Indicator:</b> Number of trained and graduated advisors  <b>Baseline:</b> 0 (2008)  <b>Target:</b> 2000 (2013)	The CPSCR reports that 2075 advisors were trained, of which were 35 trainers and 2040 were extension staff.		Source: CPSCR
<b>20. CPS Objective 20:</b> Improved convergence of Romania toward EU practice in ARD (in line with the National Rural Development Plan 2007-2013)			
<b>Indicator:</b> Handbook of Socio-Econ Guidance based on EU best practice available to farmers  <b>Baseline:</b> No  <b>Target:</b> Yes	Handbook issued and updated in 2013 for latest CAP provisions, but not yet printed and disseminated.		Source: CPSCR
<b>21. CPS Objective 21:</b> Increased efficiency of operational management at MADR and selected structures			
<b>Indicator:</b> New Internal Management System in use by MARD's and subordinated structures' management  <b>Baseline:</b> No  <b>Target:</b> Yes	FY11 ARD Functional Reviews included recommendations; implementation of recommendations in progress under MAP-ARD, to be finalized in FY14.		Source: CPSCR
<b>22. CPS Objective 22:</b> Increase in European Agriculture Fund for Rural Development (EAFRD) funding to Romanian beneficiaries			
<b>Indicator:</b> Percentage of EAFRD allocation	48.6% of cumulative 2007-2013 EAFRD funds allocated to National Rural Development Plan (NRDP) (€3.9 bn) and		Source: CPSCR

	CPS FY10-FY13: Pillar II – Growth and Competitiveness	Actual Results (as of current month/year)	Comments
	<b>Baseline:</b> 20%  <b>Target:</b> 40% (2013)	disbursed to beneficiaries by end 2012 (EC October 2013 reporting). Funds committed under EAGF2 and EAFRD increased to 99.81% and 74.65%, respectively, as of February 15, 2013 vs. 90% and 20%, respectively, at end 2009 (MAKIS ICR).	
	<b>23. CPS Objective 23:</b> Increase security of electricity supply through integration of regional markets and attracting private sector in the development of energy markets		
	<b>Indicator:</b> Develop energy transmission services, including availability of ancillary services for stronger integration into regional markets, and absorption of energy generated by renewable sources  <b>Baseline:</b> No  <b>Target:</b> Yes	Cross-border, inter-Transmission Service Operators compensation mechanism (including regional auction office) established and operational. Mandatory quotas for renewable energy acquisition for power suppliers established. Wind power parks developed including with IFC support.	Source: CPSCR
	<b>Indicator:</b> Increase private sector participation in investments in energy sector  <b>Baseline:</b> Average annual investments 2002-2004 €51M  <b>Target:</b> Average annual investments 2009-2010 €325M	Measured as increase of average annual investments of 5 distribution companies (DISCOMs) privatized 2004-2008 before and after privatization.  Actual average annual investments 2009-2010 €325M (CEM 2013 pg. 44).	Source: CPSCR and Romania Team.
	<b>24. CPS Objective 24:</b> Reduction of probability of severe accidental mine spills in the Tisza basin		
	<b>Indicator:</b> Probability of severe accidental mine spills in the Tisza basin  <b>Baseline:</b> Performance standards for management and maintenance of mine waste facilities (with clear technical criteria) not available  <b>Target:</b> 70% probability reduction	Best standards for management and maintenance achieved for at least 70% of the inventory of mine facilities. The performance standards were issued under the GEF and based on international best practice. Romanian public agencies (owners, operators and regulators) have taken over the performance standards and practices developed under the project and are consistently implementing the good practice approach and techniques promoted by the project.	Source: CPSCR and Romania Team. Indicator is unclear, and not completely consistent with reported results. The indicator is about the probability of accidents in the Tisza basin whereas the results are reported in terms of the share of mine facilities applying best standards for management and maintenance.
	<b>25. CPS Objective 25:</b> Implementation of the EU Water and Nitrate Directives		
	<b>Indicator:</b> Favorable EU assessment of Romania's	EC Report 2013 on Nitrates Directive 91/676/ EEC lists Romania among the countries that	Source: CPSCR and Romania Team.

<sup>2</sup> European Agricultural Guarantee Fund (EAGF) and European Agricultural Fund for Rural Development (EAFRD).

	CPS FY10-FY13: Pillar II – Growth and Competitiveness	Actual Results (as of current month/year)	Comments
progress towards meeting EU Nitrates Directive requirements	reassessed their nitrates vulnerable zones and issued revised Action Programs for 2008-2011.		
<b>Baseline:</b> No favorable assessment			
<b>Target:</b> Favorable assessment			
<b>26. CPS Objective 26: Increasing EU Funds absorption</b>			
<b>Indicator:</b> EU grant amount attracted with Bank TA	The CPSCR reports that the target was achieved under Municipal Services Project.	Source: CPSCR and Romania Team.	
<b>Baseline:</b> None			
<b>Target:</b> € 1bn by 2013			
<b>27. CPS Objective 27: Improved road safety (dropped-Transport projects closed w/out reaching target)</b>			
<b>Indicator:</b> Fatalities per 10,000 vehicles.	Transport Projects closed in FY10 without completing institutional reform programs in roads and railways. Per Bank assessments in 2009-2010, the GoR appeared to have lost its incentives for pursuing reforms once Romania became an EU member. Given the state of dialogue in early 2009, the impact of the global financial crisis, and the lack of agreement between Bank and GoR on the Transport Sector Project reform component a large portion of the loan (\$120M) was cancelled. Strategic dialogue in the transport sector, including exchanges with the EC, continued through 2010-2013 under the Functional Reviews and follow up TA program for the Modernization of Public Administration.	Source: CASCR and Romania Team	The indicator was removed at CPSPR stage in the absence of any Instrument supporting the Indicator after transport projects were closed in FY10. The Transport Restructuring project (FY05) was closed w/out restructuring at end Dec-2009, with US\$120 million cancelled from the loan, corresponding primarily mostly to the bypass and road safety components. IEG will not take it into account in the assessment.
<b>Baseline:</b> 6.7 (2008)			
<b>Target:</b> 5 (2009)			
<b>28. CPS Objective 28: Improved Ministry of Transport capacity to consistently implement a general strategy that links each strategic item to the overall strategy.</b>			
<b>Indicator:</b> New strategy approved and translated into the approved investment program for 2014-2020 and in the 2013 and 2014 proposed budgets.	Strategy delivered December 2012, discussed with Ministry of Transport, but not yet approved by GoR. Formalizing the Strategic Plan, development of a detailed operational plan for the first year of its implementation, and alignment of strategic planning with the budget process in the Ministry are the key next steps for implementation support under the RAS “Strengthen Strategic Planning in Transport.”	Source: CASCR	
<b>Baseline:</b> No			
<b>Target:</b> Yes			

CPS FY10-FY13: Pillar II – Growth and Competitiveness	Actual Results (as of current month/year)	Comments
<b>29. CPS Objective 29:</b> Improved emergency preparedness and response management in Romania		
<b>Indicator:</b> An Emergency Communication System is created and operational.	Achieved as of December 2009 under the hazard risk mitigation and emergency preparedness project.	Source: CASCR
<b>Baseline:</b> No		
<b>Target:</b> Yes		
<b>Indicator:</b> The Emergency Management Information System is extended to include all central and local administration units	Achieved as of October 2012 under the hazard risk mitigation and emergency preparedness project.	Source: CASCR and Romania Team.
<b>Baseline:</b> No		
<b>Target:</b> Yes		
<b>Indicator:</b> Seismic retrofitting of 40 or more public buildings, flood protection works completed in 10 critical locations	The CPSCR reports that the objective was achieved and that, in addition, safety was restored for seven high risk dams; environmental safety restored at three orphaned mine waste facilities; and consolidation method disseminated.	Source: CASCR
<b>Baseline:</b> No		
<b>Target:</b> Yes		

CPS FY10-FY13: Pillar III – Social and Spatial Inclusion	Actual Results (as of current month/year)	Comments
<b>30. CPS Objective 30:</b> Improved social inclusion of Roma living in poor settlements reduced		
<b>Indicator:</b> Gap in living condition index between targeted Roma settlements and neighboring communities	41.4% gap reduction in 2013 vs. 2008.	Source: CPSCR
<b>Baseline:</b> 504 points (2008)		
<b>Target:</b> 403 points (20% reduction of gap) (2013)		
<b>31. CPS Objective 31:</b> Increased inclusiveness of children in disadvantaged groups in Early Childhood Education services (SIP targeted areas)		
<b>Indicator:</b> Percentage point increase in number of children in disadvantaged groups participating in ECE programs (SIP targeted areas).	No data - evaluation ongoing. Note: SIP helped construct/ rehabilitate/furnish kindergartens in 27 Roma communities, developed Early Childhood Education (ECE) curriculum, trained ECE staff, and experimented alternative community-based solutions for ECE, with remarkable results. (Rehabilitation of kindergarten completed. Educational activities started in	Source: CPSCR  Still no data.
<b>Baseline:</b> Almost none in 2007		

CPS FY10-FY13: Pillar III – Social and Spatial Inclusion	Actual Results (as of current month/year)	Comments
<b>Target:</b> 5 percent in 2013	April 2012	
<b>Indicator:</b> Number of unpaid GMI entitled beneficiaries	Achieved under DPL2 as of 2011.	Source: CPSCR
<b>Baseline:</b> 25% (2009)		
<b>Target:</b> 0% (2013)		
<b>Indicator:</b> Maintain level of benefit adequacy over time (share of benefits in average household consumption)	Achieved as of 2013 through SASMP.	Source: CPSCR
<b>Baseline:</b> 25% (2008)		
<b>Target:</b> 25% (2008)		
<b>33. CPS Objective 33:</b> Improved Social Assistance equity (targeting of poorest people) and efficiency (lower administrative costs)		
<b>Indicator:</b> Share of SA funds going to poorest quintile.	The complexity of the technical work underpinning the necessary reforms requires longer than anticipated by GoR.	Source: CPSCR
<b>Baseline:</b> 37.7% (2009)	Indicator may be revised or at least reduced to 42%. Completion estimated in 2016.	
<b>Target:</b> 45% (2013)		
<b>Indicator:</b> Administrative and client participation costs for means-tested programs.	The achievement of this indicator was in progress. TORs developed for a complex monitoring system of administrative and private costs. TA tendering ongoing. Work completion and results estimated in 2016.	Source: CPSCR
<b>Baseline:</b> TBD		
<b>Target:</b> Reduction by 20%		
<b>34. CPS Objective 34:</b> Consolidate Social Assistance programs to better serve poor in most cost efficient manner		
<b>Indicator:</b> One consolidated program for low-income households	General principles established in the Social Assistance Framework Law adopted by the Parliament in December 2011. Simulations of the Minimum Social Insertion Income (MSIY) cost and outcomes completed with Bank support/PSIA grant financing. MSIY is expected to become operational in January 2015 (delayed from mid-2013 due to technical issues and budget constraints).	Source: CPSCR
<b>Baseline:</b> fragmentation of Social Assistance (too many programs)		
<b>Target:</b> One consolidated program for low-income households by 2013		
<b>35. CPS Objective 35:</b> Improved fiscal sustainability of the public pension pillar 1		
<b>Indicator:</b> Deficit of Pension Pillar 1	Pillar 1 deficit in 2012 was 2.2% of GDP and by mid-2013 2.3% of estimated GDP (even with estimated, original target for 0.5% of GDP decrease exceeded).	Source: CPSCR Indicator reformulated at CPSPR.
<b>Baseline:</b> 2.95% of GDP		

	CPS FY10-FY13: Pillar III – Social and Spatial Inclusion	Actual Results (as of current month/year)	Comments
(2011)	<b>Target:</b> ≤ 2.95 % of GDP (2013)		
<b>36. CPS Objectives 36:</b> Retirement age equalized	<b>Indicator:</b> Gradual increase of retirement age for women to 63  <b>Baseline:</b> 57  <b>Target:</b> 63 by 2030	Pension Law 263/2010. Actual value: 59.8 years (gradual increase).	Source: CPSCR
<b>37. CPS Objective 37:</b> Improved equity of pension system (dropped at CPSPR time: the government considered that a zero pillar (social pension) would not be aligned with the principles of its Social assistance Strategy. Moreover, the issue of the elderly poor was addressed in pension pillar I by setting the minimum pension level at RON350 and bringing up to this level all pensions below.)			
<b>38. CPS Objective 38:</b> Better efficiency and quality of health services			
<b>Indicator:</b> Annual rate of admission to acute care facilities  <b>Baseline:</b> 229 per 1,000 people.  <b>Target:</b> below 200 by 2013.	The CPSCR reports that the annual rate of admission to acute care facilities was below 170 as of 2011.		Source: CPSCR
<b>Indicator:</b> Share of generic drugs in total compensated drug expenditures  <b>Baseline:</b> 40% in 2008  <b>Target:</b> ≥ 45% by 2012	Achieved: 2012 Health Sector Reform Project. The		Source: CPSCR
<b>Indicator:</b> 24-hour death rate among patients treated in ER and then admitted to hospital  <b>Baseline:</b> 5.78% (for 6 ICUs) in 2007; 4.16% (for 6 ICUs) in 2012; 4.91% (for 6 ICUs) in 2013  <b>Target:</b> Decrease by 10 percent in 2013 vs. 2007	The 24-hour death rate among patients treated in ER and then admitted to hospital decreased by 28% in 2012 and 15% in 2013 as compared to 2007 (6 Intensive Care Units covered by Health APL2).		Source: CPSCR
<b>Indicator:</b> Maternal Mortality Ratio (death cases per 1000 live births)  <b>Baseline:</b> 0.24/1000 in 2004  <b>Target:</b> Reduce by 20	MMR at 0.158/1000 by mid-2013 (34 percent reduction)		Source: CPSCR

	CPS FY10-FY13: Pillar III – Social and Spatial Inclusion	Actual Results (as of current month/year)	Comments
	percent by 2013		
	<b>39. CPS Objective 39:</b> Additional resources for health mobilized in a transparent and equitable manner		
	<b>Indicator:</b> Amount of copayment raised  <b>Baseline:</b> No copayment  <b>Target:</b> Copayment system operates effectively (demonstrated by amount raised)	Implementation of copayment started in March 2013, based on a modest fixed amount depending on services provided, in the hospital sector, excluding emergency services.	Source: CPSCR
	<b>Indicator:</b> Coverage of copayment exemption among eligible population.  <b>Baseline:</b> no copayment legislation  <b>Target:</b> < 50% by 2012 (upon approval of legislation)	Achieved in 2011 under DPL3.	Source: CPSCR
	<b>Indicator:</b> Percent of households with voluntary insurance.  <b>Baseline:</b> NA  <b>Target:</b> 10 percent (dropped)	At the start of the CPS it was believed the topic of voluntary insurance would be included in the DPL series. Finally, it was not – it was assessed that this issue would be solved by the increasing private sector participation in the provision of health services.	Source: Romania team  Indicator dropped at time of CPSPR.
	<b>40. CPS Objective 40:</b> Rationalization of medical services provision and integration of the services as nation – wide networks		
	<b>Indicator:</b> Reclassification of 100% hospitals based on new strategy criteria  <b>Baseline:</b> Significant distortions in health service delivery structure*.  <b>Target:</b> 100% hospitals reclassified by end 2011  *Too many hospitals with too many beds, very few facilities for specialized outpatient services and secondary ambulatory care (diagnosis and treatment), and primary care physicians are underutilized.	Achieved as of June 1st, 2011.	Source: CPSCR and Romania Team.
	<b>Indicator:</b> Health Networks operational (as per new strategy).	To date, the Ministry of Health approved referral procedures for maternity and child health care units. The concept of health	Source: CPSCR

	CPS FY10-FY13: Pillar III – Social and Spatial Inclusion	Actual Results (as of current month/year)	Comments
	<p><b>Baseline:</b> None</p> <p><b>Target:</b> At least 4 regional or local health national networks functionally and legally established, including its Tertiary Hospital by 2013</p>	<p>networks is being pursued under the new GoR Health Reform Program and new health operation project added at the time of the CPSPR, but whose finalization will only happen in FY14.</p>	

**Annex Table 2: Planned and Actual Lending, FY10–FY13**

Project ID	Project Name	Proposed FY	Approval FY	Closing FY	Proposed Amount* EUR (M)	Approved Amount USD (M)	Outcome Rating **
<b>Project Planned Under CPS / CPSPR</b>							
P102018	First Development Policy Loan (DPL 1)	2010	2010	2010	300.0	423.0	IEG: S
<b>Sub-Total programmed projects CAS FY10</b>							
P117667	Second Development Policy Loan (DPL 2)	2010	2011	2011	360.0	380.5	IEG: S
<b>Sub-Total programmed projects CAS FY11</b>							
P122222	Third Development Policy Loan (DPL 3)	2012	2012	2013	400.00	560.6	IEG: S
P130051	Development Policy Operation - DDO	2012	2012	2016	1000.00	1333.0	LIR: S
<b>Sub-Total programmed projects CAS FY12</b>							
P130202	Revenue Administration Modernization Project (RAMP)	2013	2013	2019	75.00	91.8	LIR: S
P121675	Results-Based Health Sector Reform Project	2013	Delayed		250.00	--	
<b>Sub-Total programmed projects CAS FY13</b>							
<b>Total programmed projects CAS FY10-13</b>							
<b>Unplanned</b>							
P121673	Social Assistance System Modernization Project		2011	2017		710.4	LIR: S
<b>Total Non-programmed projects CAS FY10-13</b>							
<b>Total projects CAS FY10-13</b>							
<b>On-going</b>							
P073967	Rural Education Project		2003	2010		60.0	IEG: S
P043881	Irrigation Rehabilitation & Reform Project		2004	2012		80.0	LIR: MU
P075163	Hazard Risk Mitigation & Emergency Preparedness Project		2004	2012		150.0	LIR: MS
P083620	Transport Restructuring Project		2005	2010		225.0	IEG: U
P086694	Energy Community Of South East Europe Project (ECSEE APL1)		2005	2010		84.3	IEG: S
P086949	Modernizing Agricultural Knowledge & Information Systems Project (MAKIS)		2005	2013		50.0	LIR: MU
P087807	Mine Closure, Environment & Socio-Economic Regeneration Project		2005	2013		120.0	LIR: MS
P078971	Health Sector Reform 2 Project (APL #2)		2005	2014		80.0	LIR: MS
P088165	Knowledge Economy Project		2006	2013		60.0	LIR: S
P093096	Social Inclusion Project		2006	2014		58.5	LIR: MS
P090309	Judicial Reform		2006	2015		130.0	LIR: MS
P093812	Transport Sector Support Project		2007	2010		180.0	LIR: MU
P100470	Avian Influenza Control & Human Pandemic Preparedness & Response Project		2007	2011		37.7	IEG: U
P088252	Municipal Services Project		2007	2012		131.7	IEG: MS
P100638	Complementing EU Support for Agricultural Restructuring Project (CESAR)		2008	2014		65.0	LIR: MS
P093775	Romania Integrated Nutrient Pollution Control Project		2008	2016		68.1	LIR: MS
<b>Total Ongoing Projects</b>							

Source: Romania CPS, CPSPR and WB Business Warehouse Table 2a.1, 2a.4 and 2a.7 as of 01/21/2014

\* Base-Case Lending Program

\*\*LIR: Latest internal rating. MU: Moderately Unsatisfactory. MS: Moderately Satisfactory. S: Satisfactory.

**Annex Table 3: Grants and Trust Funds Active in FY10–FY13 (US\$ million)**

Project ID	Project name	TF ID	Approval FY	Closing FY	Approved Amount
P081950	Hazard Risk Mitigation & Emergency Preparedness GEF Project	TF 53472	2004	2012	7.0
P075959	Afforestation of Degraded Agricultural Land Proto-Carbon Project	TF 52716	2004	2021	3.1
P093096	Social Inclusion Project	TF 90485	2008	2012	0.6
P099528	GEF Romania Integrated Nutrient Pollution Control Project	TF 58040	2008	2016	5.5
P112725	CDIMM Maramures	TF 93209	2009	2010	0.1
P128150	Improved Policy Making and Institutional Framework for People with Disability	TF 10417	2012	2015	1.7
P124601	Monitoring and Evaluations for Policymaking	TF 98645	2012	2015	0.4
<b>Total</b>					<b>18.4</b>

Source: Client Connection as of 01/21/2014

**Annex Table 4: Analytical and Advisory Work for Romania, FY10–FY13**

Proj ID	Economic and Sector Work	Fiscal year	Output Type
P112470	PEIR Update	FY10	Report
P112993	Rural Pensions	FY11	Report
P122932	Country Economic Memorandum for Competitiveness and Growth	FY13	Report
P127471	Citizens Report Card and Social Accountability	FY13	Policy Note
Proj ID	Technical Assistance	Fiscal year	Output Type
P108138	Financial Sector TA	FY10	"How-To" Guidance
P115849	Information Technology Assessment	FY10	"How-To" Guidance
P117672	PFM Civil Service Pay	FY10	"How-To" Guidance
P119558	Poverty & Social Policy TA	FY10	"How-To" Guidance
P117675	Fiscal Decentralization	FY11	"How-To" Guidance
P117686	Student Loans TA	FY11	"How-To" Guidance
P120500	FBS - Functional Reviews	FY11	"How-To" Guidance
P121583	FBS - Agriculture Functional Review	FY11	"How-To" Guidance
P121586	FBS - Transport Functional Review	FY11	"How-To" Guidance
P121588	FBS - Finance Functional Review	FY11	"How-To" Guidance
P121589	FBS - Education Functional Review	FY11	"How-To" Guidance
P121591	FBS - Competition Functional Review	FY11	"How-To" Guidance
P123445	Accounting and External Audit Strengthening	FY11	"How-To" Guidance
P124890	FBS - Health Functional Review	FY11	"How-To" Guidance
P124891	FBS - Labor & Social Protection Review	FY11	"How-To" Guidance
P124892	FBS - Economy/Energy Functional Review	FY11	"How-To" Guidance
P124893	FBS -Regional Development Functional Rev	FY11	"How-To" Guidance
P124894	FBS - Environment and Forestry Review	FY11	"How-To" Guidance
P124895	FBS -Higher Education Functional Review	FY11	"How-To" Guidance
P124896	FBS - Research and Development Review	FY11	"How-To" Guidance
P118344	Health and Education TA to support DPL	FY12	"How-To" Guidance
P124897	FBS - Cross Cutting Issues Review	FY12	"How-To" Guidance
P127819	FBS - CoG Policy Planning & Coordination	FY12	TA/IAR
P130919	Romania Public Investment Framework	FY13	TA/IAR
P131762	Romania Country Engagement	FY13	TA/IAR

Source: WB Business Warehouse Table ESW/TA 8.1.4 as of 01/21/2014

**Annex Table 5: IEG Project Ratings for Romania, FY10–FY13**

Exit FY	Proj ID	Project name	Total Evaluated (US\$ million)	IEG Outcome	IEG Risk to DO
2010	P073967	RURAL EDUC	59.9	SATISFACTORY	MODERATE
2010	P083620	TRANSPORT RESTRUCTURING	82.0	UNSATISFACTORY	SIGNIFICANT
2010	P086694	ECSEE APL #1 (CRL)	91.7	SATISFACTORY	MODERATE
2012	P088252	MUNICIPAL SERVICES PROJECT	148.5	MODERATELY SATISFACTORY	NEGLIGIBLE TO LOW
2010	P093812	TRANSPORT SECTOR SUPPORT PROJECT	123.3	MODERATELY UNSATISFACTORY	SIGNIFICANT
2011	P100470	AVIAN FLU - RO	24.2	UNSATISFACTORY	SIGNIFICANT
2010	P102018	DPL 1	449.0	SATISFACTORY	SIGNIFICANT
2011	P117667	DPL 2	434.3	SATISFACTORY	SIGNIFICANT
2012	P122222	DPL 3	522.7	SATISFACTORY	SIGNIFICANT
		<b>Total</b>	<b>1,935.5</b>		

Source: BW Table 4.a.6 as of 01/21/2014

**Annex Table 6: IEG Project Ratings for Romania, Exit FY10–FY13**

Region	Total Evaluated (\$M)	Total Evaluated (No)	Outcome % Sat (\$)	Outcome % Sat (No)	RDO % Moderate or Lower Sat (\$)*	RDO % Moderate or Lower Sat (No)*
Romania	1,935.5	9	88.1	66.7	15.5	33.3
ECA	13,894.1	146	92.0	77.6	57.2	60.6
World	65,474.5	748	83.5	71.3	60.9	52.0

Source: BW Table 4.a.5 as of 01/21/2014

\* With IEG new methodology for evaluating projects, institutional development impact and sustainability are no longer rated separately.

**Annex Table 7: Portfolio Status for Romania and Comparators, FY10–FY13**

Fiscal year	2010	2011	2012	2013	Average FY10–FY13
<b>Romania</b>					
# Proj	12	12	11	9	11.0
# Proj At Risk	5	3	2	2	3.0
% Proj At Risk	41.7	25.0	18.2	22.2	26.8
Net Comm Amt (US\$ million)	1,032.6	1,708.9	2,639.4	2,538.4	1,979.8
Comm At Risk (US\$ million)	330.3	303.6	119.1	132.7	221.4
% Commit at Risk	32.0	17.8	4.5	5.2	14.9
<b>ECA</b>					
# Proj	310	290	256	246	275.5
# Proj At Risk	52	40	47	47	46.5
% Proj At Risk	16.8	13.8	18.4	19.1	17.0
Net Comm Amt (US\$ million)	24,445.9	22,649.7	23,091.9	24,699.7	23,721.8
Comm At Risk (US\$ million)	4,359.6	2,116.9	2,668.4	3,844.0	3,247.2
% Commit at Risk	17.8	9.3	11.6	15.6	13.6
<b>World</b>					
# Proj	1,990	2,059	2,029	1,965	2,010.8
# Proj At Risk	410	382	387	414	398.3
% Proj At Risk	20.6	18.6	19.1	21.1	19.8
Net Comm Amt (US\$ million)	162,975.3	171,755.3	173,706.1	176,206.6	171,160.8
Comm At Risk (US\$ million)	28,963.1	23,850.0	24,465.0	40,805.6	29,520.9
% Commit at Risk	17.8	13.9	14.1	23.2	17.2

Source: WB Business Warehouse Table 3.a.4 as of 01/21/2014

**Annex Table 8: Disbursement Ratio\* for Romania and Comparators, FY10–FY13 (US\$ Million)**

Fiscal Year	FY2010	FY2011	FY2012	FY2013	Average FY10 - FY13
<b>Romania</b>					
Disbursement Ratio (%)	29.0	20.4	26.5	17.2	23.2
Inv Disb in FY (US\$ million)	327.0	139.2	313.2	136.9	229.1
Inv Tot Undisb Begin FY (US\$ million)	1,129.2	684.2	1,183.4	798.3	948.7
<b>ECA</b>					
Disbursement Ratio (%)	18.6	20.5	25.9	24.2	22.3
Inv Disb in FY (US\$ million)	2,660.0	2,806.4	3,498.2	2,925.1	2,972.4
Inv Tot Undisb Begin FY (US\$ million)	14,268.8	13,682.5	13,492.1	12,110.4	13,388.4
<b>World</b>					
Disbursement Ratio (%)	26.9	22.4	20.8	20.6	22.7
Inv Disb in FY (US\$ million)	20,928.1	20,929.3	21,040.7	20,499.0	20,849.3
Inv Tot Undisb Begin FY (US\$ million)	77,755.6	93,495.1	101,207.0	99,546.9	93,001.2

\* Calculated as *IBRD/IDA Disbursements in FY / Opening Undisbursed Amount at FY*. Restricted to Lending Instrument Type = Investment.

Source: WB Business Warehouse Table 3.a.12 as of 01/22/2014

**Net Disbursement\* and Charges for Romania (US\$ million), FY10–FY13**

Period	Disb. Amt.	Repay Amt.	Net Amt.	Charges	Fees	Net Transfer
FY2010	776.17	266.30	509.87	59.56	3.64	446.66
FY2011	575.31	272.46	302.85	49.60	2.72	250.54
FY2012	835.06	313.85	521.21	61.16	3.75	456.29
FY2013	152.79	319.01	-166.22	52.49	3.76	-222.47
<b>Report Total</b>	<b>2,339.33</b>	<b>1,171.62</b>	<b>1,167.71</b>	<b>222.82</b>	<b>13.88</b>	<b>931.02</b>

\* Total amount disbursed in US dollars calculated at the exchange rate on the value date of the individual disbursement.

Source: World Bank Client Connection 01/22/14

**Annex Table 9: IFC Investments Committed in FY10–FY13 (in US\$)**

Project ID	Cmt FY	Project Status Name	Primary Sector Name	Project Size	Original Loan	Original Equity	Original CMT	Loan Cancel	Equity Cancel	Net Loan	Net Equity	Net Comm
28118	2010	Active	Finance & Insurance	30,000,000	208,091	-	208,091	-	-	208,091	-	208,091
28708	2010	Active	Finance & Insurance	71,385,000	71,385	-	71,385	-	-	71,385	-	71,385
29001	2010	Active	Finance & Insurance	2,052,890	-	1,983	1,983	-	-	1,983	1,983	1,983
29355	2010	Active	Wholesale and Retail Trade	103,720,800	52,612	-	52,612	-	-	52,612	-	52,612
29638	2010	Active	Health Care	25,766,000	12,411	-	12,411	-	-	12,411	-	12,411
29902	2010	Active	Finance & Insurance	741,057	-	741	741	-	-	741	741	741
29716	2011	Active	Finance & Insurance	1,378,321	-	1,378	1,378	-	-	1,378	1,378	1,378
30143	2011	Active	Finance & Insurance	75,000,000	74,999	-	74,999	-	-	74,999	-	74,999
30868	2011	Active	Electric Power	182,367,651	60,757	-	60,757	-	-	60,757	-	60,757
31005	2011	Active	Finance & Insurance	849,944	-	824	824	-	0	824	824	824
31101	2011	Active	Finance & Insurance	7,500,000	375	-	375	-	-	375	-	375
30441	2012	Active	Finance & Insurance	32,569,875	32,482	-	32,482	-	-	32,482	-	32,482
30678	2012	Active	Health Care	74,339,375	-	-	-	-	-	-	-	-
30802	2012	Active	Finance & Insurance	10,000,000	5,254	-	5,254	-	-	5,254	-	5,254
30864	2012	Active	Finance & Insurance	16,471,250	16,802	-	16,802	-	-	16,802	-	16,802
30869	2012	Active	Electric Power	54,700,800	38,970	-	38,970	-	-	38,970	-	38,970
31024	2012	Active	Transportation and Warehousing	15,999,600	-	16,000	16,000	-	1,545	16,000	14,455	14,455
31466	2012	Active	Wholesale and Retail Trade	66,565,000	66,565	-	66,565	-	-	66,565	-	66,565
31613	2013	Active	Finance & Insurance	24,564,000	25,637	-	25,637	-	-	25,637	-	25,637
31871	2013	Active	Finance & Insurance	11,000,000	10,425	-	10,425	-	-	10,425	-	10,425
32914	2013	Active	Finance & Insurance	7,500,000	1,831	-	1,831	-	-	1,831	-	1,831
33733	2013	Active	Finance & Insurance	74,976,421	74,936	-	74,936	-	-	74,936	-	74,936
33606	2014	Active	Utilities	60,000,000	7,568	-	7,568	-	-	7,568	-	7,568
			Sub-Total	949,447,983	761,098	20,925	782,024	-	1,545	782,024	19,381	780,479

**Investments Committed pre-FY10 but active during FY10–FY13 (in US\$)**

Project ID	CMT FY	Project Status Name	Primary Sector Name	Project Size	Original Loan	Original Equity	Original CMT	Loan Cancel	Equity Cancel	Net Loan	Net Equity	Net Comm
11085	2002	Active	Finance & Insurance	2,025,000	-	2,025	2,025	-	-	2,025	2,025	2,025
11517	2004	Active	Finance & Insurance	6,000,000	5,000	-	5,000	-	-	5,000	-	5,000
20937	2003	Active	Finance & Insurance	544,147	-	533	533	-	-	533	533	533
22138	2004	Active	Finance & Insurance	24,313,000	24,313	-	24,313	-	-	24,313	-	24,313
24027	2005	Active	Finance & Insurance	45,713,000	45,074	-	45,074	-	-	45,074	-	45,074
24082	2006	Active	Transportation and Warehousing	16,951,900	16,790	-	16,790	-	-	16,790	-	16,790
25036	2007	Active	Finance & Insurance	50,000,000	53,567	-	53,567	-	-	53,567	-	53,567
25069	2007	Active	Health Care	28,303,250	6,348	5,000	11,348	-	-	11,348	5,000	11,348

25399	2007	Active	Finance & Insurance	18,848,250	15,217	-	15,217	-	-	15,217	-	15,217
25680	2007	Active	Transportation and Warehousing	130,451,333	44,744	-	44,744	-	-	44,744	-	44,744
26203	2008	Active	Transportation and Warehousing	42,790,845	15,808	7,392	23,199	-	6,206	23,199	1,186	16,994
26504	2009	Active	Finance & Insurance	283,167,000	43,764	-	43,764	-	-	43,764	-	43,764
27551	1900	Active	Construction and Real Estate	30,936,252	-	-	-	2,249	-	(2,249)	-	(2,249)
28100	2009	Active	Finance & Insurance	70,507,500	70,615	-	70,615	-	-	70,615	-	70,615
			<b>Sub-Total</b>	<b>750,551,477</b>	<b>341,239</b>	<b>14,950</b>	<b>356,188</b>	<b>2,249</b>	<b>6,206</b>	<b>353,939</b>	<b>8,744</b>	<b>347,734</b>
			<b>TOTAL</b>	<b>1,699,999,460</b>	<b>1,102,337</b>	<b>35,875</b>	<b>1,138,212</b>	<b>2,249</b>	<b>7,750</b>	<b>1,135,963</b>	<b>28,125</b>	<b>1,128,213</b>

**Annex Table 10: IFC Net Commitment Activity for Romania**

	2014	2013	2012	2011	2010	2009
Financial Markets	40,171,897	73,871,598	30,373,875	88,720,278	64,159,190	123,243,000
Trade Finance (TF)	119,014,569	86,657,817	50,690,950	5,501,000	0	0
Funds	0	0	0	0	0	0
Agribusiness & Forestry	0	0	0	0	0	0
Other MAS Sectors	0	215,675	15,725,625	0	0	0
Manufacturing	0	0	0	0	0	0
Consumer & Social Services	0	-1,964,445	64,391,596	1,447,328	62,485,365	4,751,023
Oil, Gas & Mining	0	0	0	-10,886,133	-1,625,655	-1,409,492
Infrastructure	6,209,200	-182,899	52,466,678	61,064,762	-7,061,500	6,050,975
Telecom & IT	0	0	0	0	0	0
<b>Total</b>	<b>165,395,666</b>	<b>158,597,746</b>	<b>213,648,723</b>	<b>145,847,235</b>	<b>117,957,400</b>	<b>132,635,506</b>

**Annex Table 11: Total Net Disbursements of Official Development Assistance and Official Aid for Romania**

Development Partners	2010	2011	2012	2013
DAC Countries, Total	0	0	0	
Multilateral, Total	0	0	0	
Non-DAC Countries, Total	0	0	0	
All Development Partners, Total	0	0	0	

Source: Data extracted on 22 Jan 2014 19:54 UTC (GMT) from OECD Stat

**Annex Table 12: Economic and Social Indicators for Romania, 2010 - 2013**

Series Name	2010	2011	2012	2013	Romania	ECA (Developing Only)	World
					Average 2010-2013		
<b>Growth and Inflation</b>							
GDP growth (annual %)	-1.6	3.0	3.1	..	1.5	4.7	3.1
GDP per capita growth (annual %)	-1.5	3.3	3.4	..	1.7	4.0	1.9
GNI per capita, PPP (current international \$)	15,260.0	16,660.0	16,860.0	..	16,260.0	11,261.1	11,670.2
GNI per capita, Atlas method (current US\$)	8,010.0	8,230.0	8,820.0	..	8,353.3	6,351.9	9,649.2
Inflation, consumer prices (annual %)	6.1	5.8	3.3	..	5.1	5.6	4.0
<b>Composition of GDP (%)</b>							
Agriculture, value added (% of GDP)	6.7	7.4	6.0	..	6.7	8.9	7.2
Industry, value added (% of GDP)	39.6	41.0	32.5	..	37.7	30.6	33.6
Services, etc., value added (% of GDP)	53.8	51.6	61.5	..	55.6	58.5	58.5
Gross fixed capital formation (% of GDP)	24.0	24.6	25.8	..	24.8	21.6	24.1
Gross domestic savings (% of GDP)	21.0	24.9	26.2	..	24.0	18.7	23.0
<b>External Accounts</b>							
Exports of goods and services (% of GDP)	35.5	38.3	34.2	..	36.0	38.4	29.9
Imports of goods and services (% of GDP)	40.7	43.5	41.4	..	41.9	42.6	29.9
Current account balance (% of GDP)	-4.4	-4.4	-3.3	..	-4.0	..	..
External debt stocks (% of GNI)	76.5	69.3	78.9	..	74.9	63.7	..
Total debt service (% of GNI)	11.3	10.1	11.6	..	11.0	15.3	..
Total reserves in months of imports	8.6	7.0	7.4	..	7.7	5.2	13.5
<b>Fiscal Accounts *</b>							
General government revenue (% of GDP)	32.2	32.6	32.9	33.4	32.8	..	..
General government total expenditure (% of GDP)	38.6	36.9	35.4	35.8	36.7	..	..
General government net lending/borrowing (% of GDP)	-6.4	-4.3	-2.5	-2.3	-3.9	..	..
General government gross debt (% of GDP)	31.1	34.4	38.2	38.2	35.5	..	..
<b>Social Indicators</b>							
<b>Health</b>							
Life expectancy at birth, total (years)	73.5	74.5	..	..	74.0	71.8	70.4
Immunization, DPT (% of children ages 12-23 months)	94.0	89.0	89.0	..	90.7	91.1	83.3
Improved sanitation facilities (% of population with access)	..	..	..	..	..	94.0	63.4
Improved water source (% of population with access)	..	..	..	..	..	94.8	88.6
Mortality rate, infant (per 1,000 live births)	11.8	11.2	10.7	..	11.2	19.8	36.0
<b>Education</b>							
School enrollment, preprimary (% gross)	77.4	77.9	..	..	77.7	44.2	49.3
School enrollment, primary (% gross)	96.7	96.1	..	..	96.4	100.8	106.9
School enrollment, secondary (% gross)	94.9	96.0	..	..	95.4	92.0	70.5
<b>Population</b>							
Population, total	21,438,001.0	21,384,832.0	21,326,905.0	..	21,383,246.0	270,192,679.7	6,965,843,683.8
Population growth (annual %)	-0.2	-0.2	-0.3	..	-0.2	0.7	1.2
Urban population (% of total)	52.8	52.8	52.8	..	52.8	59.8	52.1

Source: DDP as of January 22, 2014

\*International Monetary Fund, World Economic Outlook Database, October 2013

**Annex Table 13: Millennium Development Goals**

Millennium Development Goals	2010	2011	2012
<b>Goal 1: Eradicate extreme poverty and hunger</b>			
Employment to population ratio, 15+, total (%)	52.0	51.6	52.3
Employment to population ratio, ages 15-24, total (%)	24.3	23.8	23.9
GDP per person employed (constant 1990 PPP \$)	11,348.0	11,544.0	11,584.0
Income share held by lowest 20%	9.6	8.8	..
Malnutrition prevalence, weight for age (% of children under 5)	..	..	..
Poverty gap at \$1.25 a day (PPP) (%)	0.3	0.2	..
Poverty headcount ratio at \$1.25 a day (PPP) (% of population)	0.5	0.4	..
Vulnerable employment, total (% of total employment)	33.1	31.5	31.5
<b>Goal 2: Achieve universal primary education</b>			
Literacy rate, youth female (% of females ages 15-24)	..	97.4	..
Literacy rate, youth male (% of males ages 15-24)	..	97.0	..
Persistence to last grade of primary, total (% of cohort)	94.8	..	..
Primary completion rate, total (% of relevant age group)	94.4	97.3	..
Adjusted net enrollment rate, primary (% of primary school age children)	88.4	87.9	..
<b>Goal 3: Promote gender equality and empower women</b>			
Proportion of seats held by women in national parliaments (%)	11.4	11.2	13.3
Ratio of female to male primary enrollment (%)	98.5	98.5	..
Ratio of female to male secondary enrollment (%)	98.6	98.2	..
Ratio of female to male tertiary enrollment (%)	135.1	132.6	..
Share of women employed in the nonagricultural sector (% of total nonagricultural employment)	45.8	45.7	..
<b>Goal 4: Reduce child mortality</b>			
Immunization, measles (% of children ages 12-23 months)	95.0	93.0	94.0
Mortality rate, infant (per 1,000 live births)	11.8	11.2	10.7
Mortality rate, under-5 (per 1,000 live births)	13.5	12.8	12.2
<b>Goal 5: Improve maternal health</b>			
Adolescent fertility rate (births per 1,000 women ages 15-19)	30.9	30.9	..
Births attended by skilled health staff (% of total)	..	..	..
Contraceptive prevalence (% of women ages 15-49)	..	..	..
Maternal mortality ratio (modeled estimate, per 100,000 live births)	27.0	..	..
Pregnant women receiving prenatal care (%)	..	..	..
Unmet need for contraception (% of married women ages 15-49)	..	..	..
<b>Goal 6: Combat HIV/AIDS, malaria, and other diseases</b>			
Children with fever receiving antimalarial drugs (% of children under age 5 with fever)	..	..	..
Condom use, population ages 15-24, female (% of females ages 15-24)	..	..	..
Condom use, population ages 15-24, male (% of males ages 15-24)	..	..	..
Incidence of tuberculosis (per 100,000 people)	109.0	101.0	94.0
Prevalence of HIV, female (% ages 15-24)	..	..	..
Prevalence of HIV, male (% ages 15-24)	..	..	..
Prevalence of HIV, total (% of population ages 15-49)	..	..	..
Tuberculosis case detection rate (%, all forms)	77.0	77.0	79.0
<b>Goal 7: Ensure environmental sustainability</b>			
CO2 emissions (kg per PPP \$ of GDP)	0.2	..	..
CO2 emissions (metric tons per capita)	3.7	..	..
Forest area (% of land area)	28.6	28.7	..
Improved sanitation facilities (% of population with access)	..	..	..
Improved water source (% of population with access)	..	..	..
Marine protected areas (% of territorial waters)	11.6	..	11.6
Net ODA received per capita (current US\$)	..	..	..
<b>Goal 8: Develop a global partnership for development</b>			
Debt service (PPG and IMF only, % of exports of goods, services and primary income)	5.6	3.6	..
Internet users (per 100 people)	39.9	44.0	50.0
Mobile cellular subscriptions (per 100 people)	113.4	109.3	106.1

Telephone lines (per 100 people)	20.9	21.8	21.9
Fertility rate, total (births per woman)	1.3	1.3	..
<b>Other</b>			
GNI per capita, Atlas method (current US\$)	8,010.0	8,230.0	8,820.0
GNI, Atlas method (current US\$)	171,778,078,667.7	176,017,175,992.8	188,088,221,487.2
Gross capital formation (% of GDP)	24.8	28.8	26.2
Life expectancy at birth, total (years)	73.5	74.5	..
Literacy rate, adult total (% of people ages 15 and above)	..	97.7	..
Population, total	21,438,001.0	21,384,832.0	21,326,905.0
Trade (% of GDP)	76.2	81.8	75.6

Source: *World Development Indicators*