

Table 1. Romania: Performance for First and Second Reviews

Measure		Target Date	Comments
Prior action			
1.	Provide a report to the IMF on the completion of the actions specified in Section L of the TMU to significantly reduce SOE arrears		Met
Quantitative performance criteria			
1.	Floor on net international reserves	December 31, 2013	Met
2.	Floor on general government overall balance	December 31, 2013	Not met
3.	Ceiling on central government and social security domestic arrears	December 31, 2013	Met
4.	Ceiling on general government guarantees	December 31, 2013	Met
5.	Non-accumulation of external debt arrears	December 31, 2013	Met
Quantitative Indicative Target			
1.	Ceiling on general government current primary spending	December 31, 2013	Met
2.	Floor on operating balance of key SOEs	December 31, 2013	Met
3.	Ceiling on outstanding payments past due of all central-government owned SOEs	December 31, 2013	Not met
4.	Ceiling on stock of local government arrears	December 31, 2013	Met
5.	Ceiling on stock of net Treasury loans for EU-funded projects	December 31, 2013	Met
Inflation consultation band			
	Inner band	December 31, 2013	Crossed
	Outer band	December 31, 2013	Met
Structural benchmarks			
1.	Start publishing monthly arrears reports and corrective measures being taken by the central and local governments, by unit, on a quarterly basis.	End-September 2013	Met
2.	Prepare the basic health package within the existing spending envelope which will also define the scope of the private sector in the health care system in the future.	End-September 2013	Met with delay
3.	Prepare medium-term financial projections that properly identify the fiscal implications of EU-funded projects, including co-financing needs, financial corrections and non-eligible spending.	Mid-October 2013	Met
4.	Approve, by government memorandum, a list of significant priority projects, based on the prioritization criteria, to help prepare for the 2014 budget.	Mid-October 2013	Met
5.	Launch an initial public offering of 15 percent of the government's shares in Romgaz.	Mid-November 2013	Met
6.	Appoint a professional board in Hidroelectrica in accordance with the provisions of Ordinance 109/2011.	End-November 2013	Met
7.	Approve Covered Bond legislation. 1/	End-December 2013	Not met; propose to reset to end-March
8.	Fully operationalize the commitment control system, supported by necessary legal and procedural changes and cover expenditures of the MoPF and at least one additional unit at both the central and local government levels.	End-January 2014	Not met; propose to reset to end-April
9.	Launch an initial public offering of a majority of the government's shares in Electrica, after the planned capital increase.	End-May 2014	
10.	Make the commitment control system available for operation in all general government entities as a pilot. 2/	End-June 2014	
11.	Launch an initial public offering of 15 percent of the government's shares in Oltenia, prior to the planned capital increase.	End-June 2014	
12.	Launch an initial public offering of 15 percent of shares in Hidroelectrica. 3/	End-June 2014	
13.	Roll out the consolidated fiscal reporting system to all government entities.	End-June 2014	
14.	Resolve possible discrepancies in the fiscal code and IFRS accounting rules on the treatment of NPLs sold to domestic debt management companies in line with the outcome of the pending EC infringement case.	End-December 2014	Met
15.	Prepare and publish consolidated general government accrual based financial statements and ESA95 based reports from the system (the first sets of reports will be for the year ending 2014), and reconcile with each other and with cash-based budget execution reports.	End-June 2015	
New structural benchmarks			
1.	Provide quarterly progress reports on the number of completed audits in the large taxpayers unit and high net wealth individuals unit, and number of installment agreements signed for large taxpayers and medium-size taxpayers to clear tax arrears as well as collection targets based on these actions (see TMU, paragraph 28).	End-March 2014	
2.	Submit to parliament an insolvency code aimed at better supporting early rescue of viable firms and speedy exit of non-viable firms, prepared in consultation with IMF staff, at a minimum on: pre-insolvency procedures, creditor voting, priority financing, automatic stay, ranking of claims, and notice requirements.	End-April 2014	
3.	Prepare a strategy for the reduction of fully provisioned uncollectible NPLs on commercial banks' balance sheets	End-May 2014	
4.	Prepare a plan that clearly identifies the companies and the actions that will be taken to adhere to the overall path of arrears reduction established under the program.	End-April 2014	
5.	Issue a press release announcing the pilot structural compliance project targeted at undocumented labor and tax evasion.	End-May 2014	
1/ A modification of this benchmark is proposed to specify that the required action is submission of draft legislation to parliament.			
2/ A modification of this benchmark is proposed to facilitate monitoring by specifying the required actions.			
3/ The content of this benchmark has been modified: the size of the IPO was increased from 10 to 15 percent and the reference to the planned capital increase dropped.			



INTERNATIONAL MONETARY FUND



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IMF Executive Board Completes First and Second Reviews Under the Stand-By Arrangement and Ex-Post Evaluation of Exceptional Access for Romania

The Executive Board of the International Monetary Fund (IMF) today completed the first and second reviews of Romania's performance under its economic program supported by a 24-month Stand-By Arrangement (SBA). The authorities are treating the arrangement as precautionary and do not intend to draw under it. Completion of the reviews makes an additional amount equivalent to SDR 389.4 million (about €436.3 million) available for disbursement, bringing the total resources currently available to Romania under the SBA to an amount equivalent to SDR 584.1 million (about €654.4 million). The SBA with access of SDR 1,751.34 million (about €1.96 billion, 170 percent of quota) was approved on September 27, 2013 (see [Press Release No. 13/376](#)).

In completing the reviews, the Executive Board approved a waiver of nonobservance of the performance criterion on the general government overall fiscal balance, which was missed by a small margin, and modifications to program conditionality. The Executive Board also approved the Romanian authorities' request to add a review based on end-June 2014 performance. The additional review would coincide with the planned Article IV consultation and the mid-year budget rectification.

The Executive Board also discussed an ex post evaluation (EPE) of the SBA with Romania approved in March 2011. Romania treated the arrangement as precautionary and completed all the reviews. The EPE finds that the program objectives were largely met, although progress on the structural reform agenda was uneven and vulnerabilities remain.

Following the Executive Board's discussion on Romania, Mr. David Lipton, Deputy Managing Director and Acting Chair, said:

"Romania is making good progress under the precautionary SBA. Economic growth reached a post-crisis high in 2013, the current account narrowed significantly, and inflation has fallen to historic lows. However, the economy and the financial sector remain vulnerable to shocks. Steadfast program implementation is essential to preserve macroeconomic stability and policy buffers in this election year.

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