

Table 1. Romania: Quantitative Performance Criteria and Indicative Targets for 2001-02 1/

	End-Dec. 2001			End-March 2002			End-June 2002				End-Sept. 2002		End-Dec. 2002	
	Prog.	Adj.	Act.	Prog.	Adj.	Act.	Prog.	Rev. prog.	Adj.	Act.	Prog.	Rev. prog.	Prog.	Rev. prog.
(In trillions of lei)														
1. Ceilings on the Average Net Domestic Assets of the National Bank of Romania	-48.1	-44.0	-49.7	-56.2	-51.0	-60.0	-61.4	-86.1	-85.3	-89.7	-67.0	-79.8	-73.3	-80.6
(In millions of U.S. Dollars)														
2. Floors on Net Foreign Assets of the National Bank of Romania	3,527	3,396	3,725	3,601	3,444	3,923	3,816	4,534	4,391	4,588	3,924	4,702	4,094	4,838
(In trillions of lei)														
3. Ceilings on the Deficit of the General Government	38.754	38.754	38.615	9.940	9.797	6.803	19.872	20.772	20.673	17.862	31.104	32.704	43.200	43.200
4. Ceilings on Aggregate Wage Bills of Monitored State-owned Enterprises 2/	40.7	40.7	41.6	9.4	9.4	11.1	21.28	23.60			34.88	36.04	49.48	49.20
5. Indicative Targets for Ceilings on Arrears of Monitored State-owned Enterprises to the Consolidated General Government	52.5	40.2	49.2	51.7	39.4	52.8	...	...	...	...	...	...	...	...
(In percent)														
6. Floors on Cumulative Aggregate Collection Rates of: 3/														
a. Distrigaz Nord and Distrigaz Sud (aggregate)	95.0	95.0	80.9	97.5	97.5	93.3	97.5	83.0	...	95.4	97.5	87.0	97.5	90.0
- Distrigaz Nord (indicative target)						...		85.0	...	95.6		87.0		90.0
- Distrigaz Sud (indicative target)						...		83.0	...	95.2		87.0		90.0
b. Termoelectrica (aggregate)	95.0	95.0	83.4	97.5	97.5	84.6	97.5	85.0	...	85.2	97.5	87.5	97.5	90.0
- electricity (indicative target)						...		87.5	...	87.6		90.0		92.5
- district heating (indicative target)						...		82.0	...	76.2		84.0		86.0
- aggregate of transferred heating units (indicative target)	...	...	...	...	...	...	...	82.0	...	80.0	...	84.0	...	86.0
c. Electrica (indicative target)						...		92.5	...	92.8		92.5		92.5
(In billions of lei)														
7. Ceilings on Assumption of Enterprise Debt to Banks and Issuance of Domestic Guarantees Extended by Government	469	469	469	1,110	1,110	469	1,110	1,110			1,110	1,110	1,110	1,110
(In millions of U.S. Dollars)														
8. Ceilings on Contracting or Guaranteeing of External Debt 4/														
a. One-year or less maturity	0	0	0	0	0	0	0	0	0	0	0	0	0	0
a. More than one- and up to three-year maturity	300	300	240	300	300	7	400	400	400	119	450	450	600	600
<i>Of which:</i> off-budget	165	165	11	10	10	0	15	15	15	0	20	20	20	20
b. More than one-year maturity	2,800	2,800	2,356	1,000	1,000	206	1,200	1,200	1,200	1,250	1,800	2,000	3,400	3,600
<i>Of which:</i> off-budget	165	165	156	50	50	17	75	75	75	17	100	300	100	300
(In trillions of lei)														
9. Indicative Targets for Ceilings on Average Reserve Money	63.1	63.0	66.0	62.2	62.1	67.4	69.4	75.0	70.9	70.9	73.3	80.4	79.4	89.2
10. Indicative Targets for Ceilings on Broad Money	252.2	252.2	271.9	258.9	258.9	277.0	280.0	294.0	294.0	303.9	293.5	311.1	323.7	350.3
11. Indicative Targets on Banking Sector Lending to the State-owned Enterprises	29.1	29.1	33.4	30.7	30.7	38.6	32.5	36.2	36.2	37.2	34.6	38.1	36.3	43.4
<i>Of which:</i> Lending by BCR	14.5	14.5	16.9	15.3	15.3	18.8	16.2	17.2	17.2	17.7	17.2	18.2	18.0	20.4

1/ The performance criteria and indicative targets envisaged under the program are defined in the Technical Memorandum of Understanding (TMU).

End-December 2001, end-March 2002, end-September 2002, and end-December 2002 figures are performance criteria, while end-June 2002 figures are indicative targets.

2/ Adjusted to reflect the decrease in the pool of monitored companies from 86 to 82.

3/ The definition of the collection rates was changed for June 2002 and afterwards, as defined in the TMU.

4/ Nonaccumulation of external payments arrears of the government will be a performance criterion monitored on a continuous basis.

Table 2. Prior Actions, Structural Performance Criteria and Benchmarks

	Status
Prior Actions	
<ul style="list-style-type: none"> Adoption of the following revenue measures: <ul style="list-style-type: none"> (i) amendment of EO 186/2001 to eliminate the excise tax reduction for producers of cigarettes using domestic tobacco; (ii) increases in excise taxes for gasoline and alcohol products and in the specific tax on beer as of May 1, 2002 (¶10); and (iii) approval of the new VAT and profit tax laws in line with ¶11. 	Completed
<ul style="list-style-type: none"> Issuance of a Government Decision on binding quarterly paths for the wage bill and employment reduction for the 82 monitored companies in line with ¶17. 	Completed
<ul style="list-style-type: none"> Implementation of 4,200 layoffs (not externalization) in companies under the Ministry of Industry, and of the 750 layoffs in companies under APAPS as described in ¶17 and ¶27. 	Completed
<ul style="list-style-type: none"> Disconnection of energy supply to industrial users with the weakest payments records to utilities as described in ¶22. 	Completed
<ul style="list-style-type: none"> Completion of the privatization of three companies with more than 1,000 employees after February 1, 2002, as described in ¶26. 	Completed
<ul style="list-style-type: none"> Selection of a privatization advisor for BCR, as described in ¶28. 	Completed
<ul style="list-style-type: none"> Signing of protocols on transfers of at least seven of Termoelectrica's heat-producing units to local municipalities, as described in ¶23. 	Completed
<ul style="list-style-type: none"> Approval by the NBR of the regulation on bank provisions and, by the government, of a decision, specifying the taxation regime of those provisions, as provided for in the profit tax law, as described in ¶32. 	Completed
<ul style="list-style-type: none"> Issuance of ministerial orders on blocking an amount equivalent to 4 percent of the wage bill target in Q3 of 2002 in the monitored companies under the respective ministries, as described in ¶18. 	Completed
Structural Performance Criteria	
<ul style="list-style-type: none"> Announcement of the invitation for expression of interest in BCR by end-February 2002, as described in ¶28. 	Not observed; delayed completion in June 2002.
<ul style="list-style-type: none"> Completion of the privatization of BCR by end-February 2003 as described in ¶28. 	
<ul style="list-style-type: none"> Price adjustments in the energy sector, in line with the attached Table 3. 	Continuous
<ul style="list-style-type: none"> Approval of the budgets of the monitored state-owned companies for 2002 by end-2001. 	Not observed; delayed completion in January 2002.
<ul style="list-style-type: none"> Approval of the budgets of the monitored state-owned companies for 2003 by end-2002, in line with the government decision on quarterly ceilings for wage bills and employment, as described in ¶20. 	

Table 2 (continued). Prior Actions, Structural Performance Criteria and Benchmarks

	Status
Structural Benchmarks	
<ul style="list-style-type: none"> • Issuance by the Authority for Privatization by end-April 2002 of a notification to the privatization advisors to increase the weight attached to the purchase price offered by the investor to at least 50 percent, as described in ¶25. 	Completed
<ul style="list-style-type: none"> • In addition to the five large companies privatized between January and June 2002, privatization of additional eight such companies by end-September 2002, as described in ¶26. 	
<ul style="list-style-type: none"> • Amendment of law 326/2001 to: <ul style="list-style-type: none"> (a) exempt electricity and gas distribution from the authority of local governments; and (b) shorten, by mid-September 2002, the statutory periods to 15 days for payment and 45 days for disconnections, as described in ¶23. 	Completed
<ul style="list-style-type: none"> • Announcement of a tender for the privatization of two electricity distribution companies by mid-September 2002, as described in ¶24. 	
<ul style="list-style-type: none"> • Sign the contract with a privatization advisor for Petrom by mid-October 2002. 	
<ul style="list-style-type: none"> • Transfer of another nine of Termoelectrica's heat-producing units to local municipalities by end-June 2002. 	Completed
<ul style="list-style-type: none"> • All transferred units should no longer receive fuels at Termoelectrica's expense. 	Continuous
<ul style="list-style-type: none"> • Bringing into force by January 1, 2003 the new regulations on loan classification and provisioning, as discussed in ¶32. 	
<ul style="list-style-type: none"> • Refraining from the introduction of tax holidays or any other new distortionary tax incentives or postponing the discontinuation of expiring ones, as discussed in ¶11. 	Continuous
<ul style="list-style-type: none"> • Receipt of binding bids from strategic investors for BCR by end-October in line with ¶28. 	

Table 3. The Authorities' Plan to Adjust Prices of Electricity, Heating and Natural Gas

Energy Price	Adjustment	
End-user Electricity Price	Increase: (in percent)	
October 1, 2001	3.6	1/ 3/
November 1, 2001	3.6	2/ 3/
December 1, 2001	3.6	2/ 3/
January 1, 2002	3.6	2/ 3/
February 1, 2002	3.6	2/ 3/
March 1, 2002	3.6	2/ 4/
April 1, 2002	14.0	1/ 3/
July 1, 2002	1.5	1/ 3/
End-user electricity prices will be adjusted on October 1, 2002, on January 1, 2003 and on April 1, 2003 to keep them constant in U.S. dollar terms at the level as of July 1, 2002.		
		2/
Electricity Producer Price for Thermoelectrica	Adjust price to the equivalent of U.S. dollars	
April 1, 2002	39.00	1/ 3/
July 1, 2002	39.00	1/ 3/
October 1, 2002	39.00	2/
January 1, 2003	39.00	1/
April 1, 2003	39.00	1/
Heat Producer Price for Thermoelectrica	Adjust price to the equivalent of U.S. dollars	
October 1, 2001	15.00	1/ 3/
January 1, 2002	15.00	2/ 3/
April 1, 2002	15.00	1/ 3/
July 1, 2002	20.00	1/ 3/
National Reference Price for Heating	Adjust price to the equivalent of U.S. dollars	
January 1, 2002	15.40	2/ 3/
April 1, 2002	15.40	1/ 3/
July 1, 2002	20.00	1/ 3/
Unified End-user Natural Gas Price	Adjust price to the equivalent of U.S. dollars	
October 1, 2001	82.50	1/ 3/
January 1, 2002	82.50	1/ 3/
April 1, 2002	82.50	1/ 3/
July 1, 2002	82.50	1/ 3/
October 1, 2002	82.50	2/
January 1, 2003	90.00	1/
April 1, 2003	90.00	1/

1/ Indicative target.

2/ Structural performance criteria.

3/ Implemented.

4/ Not observed.