Table 1. Romania: Quantitative Performance Criteria and Indicative Targets for 2004 1/

	End-March 2004	End-June 2004			End-September 2004			End-December 2004		
	Act.	Prog.	Adj.	Act.	Prog.	Adj.	Act.	Prog.	Adj.	Act.
1. Ceilings on the Average Net Domestic Assets of the National Bank of Romania 2/	-122,235	-146,830			-171,896			-162,996		
2. Floors on Net Foreign Assets of the National Bank of Romania 2/	7,304	7,922			8,786			8,533		
3. Indicative Targets for Ceilings on Broad Money	481,460	503,615			535,999			586,105		
 Indicative Targets on Banking Sector Exposure to State-owned Enterprises Of which: BCR Exposure 	49,260 17,377	50,569 17,851			52,491 18,737			55,998 20,355		
5. Ceilings on Aggregate Wage Bills of Monitored State-owned Enterprises (cumulative)	13,581	28,378			42,621			57,698		
6. Ceilings on the Deficit of the General Government (cumulative) 4/	9,917	24,727			28,735			47,106		
7. Ceilings on Arrears of Private Enterprises to the General Government 5/	54,866	54,318			53,367			52,033		
8. Indicative Targets for Ceilings on Arrears of Monitored State-owned Enterprises to the General Government 6/	42,262	41,206			40,176			39,171		
9. Indicative Targets on Total Public Sector Financing (cumulative)	3,852	23,139			37,704			68,416		
10. Floors on Cumulative Aggregate Collection Rates of:										
a. Distrigaz Nord and Distrigaz Sud (aggregate)	96.0	96.0			96.0			96.0		
- Distrigaz Nord (indicative target)	96.0	96.0			96.0			96.0		
- Distrigaz Sud (indicative target)	96.0	96.0			96.0			96.0		
b. Termoelectrica, including transferred units (aggregate of electricity and heating)	88.0	89.0			90.5			92.0		
- Aggregate of Termoelectrica and externalized units in electricity (indicative target)	90.0	91.5			93.0			94.5		
- Termoelectrica district heating (indicative target)	82.0	83.0			84.0			85.0		
- Heating in the externalized units (indicative target)	82.0	83.0			84.0			85.0		
c. Electrica	96.0	96.0			96.0			96.0		
11. Ceilings on Assumption of Enterprise Debt to Banks and										
Issuance of Domestic Guarantees Extended by Government (cumulative)	746	746			1600			1600		
2. Ceilings on Contracting or Guaranteeing of External Debt (cumulative) 3/										
a. One-year or less maturity	0	0			0			0		
b. More than one- and up to three-year maturity	1	20			300			600		
Of which: off-budget	1	20			300			400		
c. More than one-year maturity	157	1,375			3,400			4,550		
Of which: off-budget	1	775			1,100			1,553		

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

The figures for end-June, end-September and end-December are performance criteria, unless indicated otherwise. End-March figures are for information only.

^{2/} At cross exchange rates as of December 31, 2003 (as specified in the TMU, Section II), and a mandatory reserve requirement of 18 percent.

^{3/} Nonaccumulation of external payments arrears of the government will be a performance criterion monitored on a continuous basis.

^{4/} The general government is defined in the TMU.

^{5/} The methodology for measuring private sector arrears is defined in the TMU.

^{6/} The methodology for measuring SOE arrears is defined in the TMU.

Table 2. Romania: Prior Actions, Structural Performance Criteria and Benchmarks

	Measures	Status
Pr	ior Actions:	
•	Rectification of the budgets, by end-April, of the monitored SOEs in line with the 2004 wage and employment program, as specified in para. 22.	
•	Imposing a wage freeze on loss-making companies under AVAS (para 29).	
•	Official publication by March 15, 2004 of a quarterly schedule to bring gas wellhead prices in line with import parity by 2007, as specified in para. 23.	Done
•	Increase in end-user gas prices by 5 percent as of April 1, and July 1, 2004, as specified in para. 23.	Done
•	Regarding the privatization of Petrom (para. 27), decide that: (i) the entire amount of arrears in litigation to the general consolidated budget would be cancelled at the time of the share transfer;	Done
	(ii) the government would take over responsibility for environmental indemnities; and	
	(iii) there would not be any penalties for post-privatization deviations from employment levels included in the investors' business plan.	
•	Government approval and publication of a strategy for restructuring the mining sector, including an action plan for 2004, and a decision on 30 mines to be closed by end-June 2004, in line with paragraph 33.	Done
•	Reduction in employment in mines by making 4,000 employees redundant by end- June, as discussed in paragraph. 33.	Done
•	Government Decision by end-March 2004 on the publication via website of audited annual income statements and balance sheets of the monitored SOEs, and their quarterly financial statements, as mentioned in para. 36.	Done
•	Initiation of bankruptcy procedures by end-March 2004 against the top five private non-payers of tax obligations, including RAFO, as specified in para. 18.	Done
•	Reduction of employment by 15,000 employees in 33 large companies in the portfolio of AVAS, including 2,600 layoffs in Roman, as specified in para. 29.	Done
•	Signing of a privatization contract for one company and initiation of liquidation procedures by a decision of general assemblies of shareholders for 5 large SOEs during January 1 – April 15, 2004, as per para. 29.	Done
•	Submission to Parliament by April 1, 2004 of legislation to eliminate the extraordinary appeal procedure of the Attorney General for all cases (para. 41).	Done
•	Government approval by May 31, 2004 of a strategy to reform the district heating system, agreed with the World Bank, as per para. 25.	Done
•	Final settlement with the EBRD and the IFC on their purchase of a share package in BCR (para. 35).	Done

Table 2. Romania: Prior Actions, Structural Performance Criteria and Benchmarks

Measures Status Adjustment of end-user electricity prices, effective July 1, 2004 to bring them to costrecovery levels (including return on capital for distribution companies) Adjustment of Termoelectrica's electricity and heating prices, effective July 1, 2004 to keep them at cost-recovery levels. The relevant decisions of the regulator(s) will be shared with Fund staff (para. 24). Adopting a new NBR law as specified in paragraph 37, by June 30. Approval of an Emergency Ordinance by June 10, 2004 terminating all subsidies and Done delivery of fuel by state-owned companies to 15 inefficient heating plants, as specified in para. 25. For each of 15 inefficient heating plants, by June 30, initiation of bankruptcy procedures by the state or a state-owned fuel supplier, or a decision by the local administration in charge on closure of the plant, as appropriate (para. 25). Parliamentary approval of a package of laws on the powers of the Superior Council of the Magistracy, the status of magistrates, and judicial organization by June 30 (para. 41). Approval of legislation strengthening the existing procedures on declaration of assets Done by June 30 as specified in paragraph 42. Invitation of binding bids for the two gas distributors DGN and DGS as specified in Done

Structural Performance Criteria:

paragraph 28.

Continuous:

• The minimum wage will not exceed lei 2.8 million during 2004 (para. 21).

By July 20:

- Approval of supplementary state budget in line with the revised deficit target (para. 12).
- Government Decision to increase the National Reference Price for heating by 12 percent, effective August 1, 2004 (para. 25).
- Approval of legislation to eliminate the extraordinary appeal procedure of the Attorney General for all cases (para. 41).

By September 30:

- Increase in the end-user gas prices by 5 percent, effective October 1 (para. 23).
- Implementation of 4,000 layoffs in the mining sector (para. 33).
- Repayment of the amount of health system arrears accumulated in 2002 as identified in the protocols agreed with the suppliers (para. 17).

Table 2. Romania: Prior Actions, Structural Performance Criteria and Benchmarks

Measures Status

By December 31:

- Increase in end-user gas prices as per the new pricing mechanism, effective January 1, 2005 (para 23).
- Adjustment of end-user electricity prices, effective January 1, 2005 to maintain them to cost-recovery levels (including return on capital for distribution companies)
 Adjustment of Termoelectrica's electricity and heating prices, effective January 1, 2005, to keep them at cost-recovery levels. The relevant decisions of the regulator(s) will be shared with Fund staff (para. 24).
- Subordination of the customs administration and the Financial Guard to the Minister of Public Finance effective January 1, 2005 (para. 15).

Structural Benchmarks:

Continuous:

- The largest industrial nonpayers to the four utilities will stay disconnected or on minimum supply until full payments for all bills from December 2002 onwards have been received by the utilities. The bills for companies on minimum supply will be paid by the government (para. 26).
- The government will refrain from introducing tax holidays or any other new distortionary tax incentives or postponing the discontinuation of expiring ones (para. 14).
- The regulatory agency in the electricity sector will produce biannual reports on the needed adjustments in electricity and heating prices and share them with Fund staff (para. 24).
- Should any parts of Roman not pay energy bills or taxes, the utility companies or the Ministry of Finance will immediately start foreclosure proceedings (para 30).

By May 31, 2004:

• Appointment of liquidators by AVAS for 15 non-payers to the utilities (including Republica, CUG and Turnu), as per paragraph 29.

By June 30, 2004:

• AVAS will privatize or liquidate 6 large companies (para. 29).

By September 30, 2004:

• AVAS will privatize or liquidate another 6 large companies (para. 29).