

Fundatia Multimedia pentru Democratie Locala

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THE IMF PRAISES THE USL GOVERNMENT

The most recent report of the IMF in regards to the economic evolution of Romania highlights the positive impact of the measures undertaken by the USL government. The report argues that while economic growth may be slow for the moment, the inflation has hit record lows during the first six months of the Ponta cabinet. The report goes on to highlight that for the first time after the Romanian economy took a turn for the worse in early 2008, there are credible prospects for a positive evolution in the future.

The IMF report notes that reforms of the labour market have had a positive impact and have stimulated an increase in jobs and a decrease of unemployment, proving that the government remains true to its agenda: to restore economic growth and to create jobs, while renouncing the drastic austerity measures enacted by the former PDL cabinets. Prime Minister Victor Ponta assured the media that the return of the public sector wages to their June 2010 level will continue, while Romania will continue to focus on enacting the structural reforms demanded by its international partners. **The positive results achieved by the government are also mirrored by the increased trust with which international markets credit Romania**, according to the same IMF report: Romania has gained a renewed access to the Eurobonds market, which goes on to show that the government has taken important steps to restore Romania's financial credibility.

The positive report of the IMF comes after the institution decided to approve another 513 million euros of aid after a review of Romania's

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economic performance. **The IMF praised the USL coalition government for showing a rational and disciplined approach towards public spending**, and for trying to reach the 3 per cent of national income this year budget deficit target.

Since coming to power in May 2012, the USL coalition government has taken important steps towards enacting its agenda of fiscal responsibility and sensible pro-growth and social orientated policies. Not only has the cabinet taken steps to reimburse the outstanding debts of the government towards international companies, but it has enacted courageous measures of privatization and reform of the public sector companies. The report sees the economic evolution of Romania in positive terms, projecting a GDP growth of 2.5% and a 0.2% drop in unemployment for 2013.

The Government will act swiftly in order to unblock European funding

The USL Government has taken swift notice of the European Commission's decision to pre-suspend funding for three operational programs. **The USL coalition has underlined that even though all efforts are being made in order to unblock European funding**, which is seen as essential for the development of Romania, the responsibility for the irregularities attested by the European institutions belongs chiefly to the PDL governments endorsed by Traian Basescu.

The material evidence upon which the European Commission based its decision **is the result of OLAF investigations, concerning the 2010/2011 interval**, when Romania ranked first among the member states guilty of allowing fraudulent funding of projects. All the problems highlighted by these investigations concern projects selected by institutions led by PDL members during the PDL's stay in power. Outrageous conflicts of interest (such as firms led by relatives of prominent PDL leaders receiving European funds or winning European grants) were repeatedly denounced by USL voices and by the media with no structural or institutional consequences. In April 2010, Minister of Economy Adriean Videanu publicly asked the European Commission if there is a conflict of

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interest if his company, Marmosim, applies for European funds managed by the Ministry of Economy, **via one of the three programs that is currently facing suspension**. None of the problems highlighted by OLAF concern any project that has been approved during the last 6 months!

Not only did the PDL governments tolerate these problems, but they were unable to improve the absorption rate of European funding. During the 2009/2012 PDL led cabinets; the absorption rate reached a meager 7.46% of the European level. European funding was not only marred by irregularities, it was also inefficient (**it would have taken Romania 40 years to use the funds allotted for the 2007/2013 interval if the absorption rate reached during the PDL governments was maintained**).

In only three months, the Ponta Cabinet managed to improve the absorption rate drastically, from 7.5% to 10%. The government has vowed to do everything in its power to address the irregularities identified by the European institutions.

Moreover, the Government, in spite of the difficult economic situation of Romania, has managed to support payment for the honest operators of European funds, whose continued activity depends on European funding. The Government will resume payment of the Human Resources European Project – POSDRU – in order to support Romanian entrepreneurs and institutions until the European Commission resumes funding these initiatives. The total cost of this initiative is almost 140 million Euros. In addition to that, the Government has assumed responsibility for fiscal corrections required by the European Commission, in order to resume as fast as possible European funding.

The USL is poised to win the General Elections

According to a *Public Affairs* public opinion poll, conducted between 15-18 October, **the USL stands to win at least 60.5% of the places in the Chamber of Deputies (the lower House of the Romanian Parliament) and at least 62.6% of the Senators will be USL members**. The ARD (the alliance grouping the PDL and several parties comprising president

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Traian Basescu's supporters) is struggling to garner 20% of the parliamentary mandates.

At the same time, the poll shows that **66.1% of the Romanians have an unfavorable view of president Traian Basescu**, PM Victor Ponta being the most popular Romanian politician (**54.5% of the Romanian public has a favorable view of the PM's actions and policies**). Moreover, 41.2% of the respondents are content with the activity of the USL Government, and 7.4% are highly content of the Government's activity.