

ROMANIA



HIGHLIGHTS

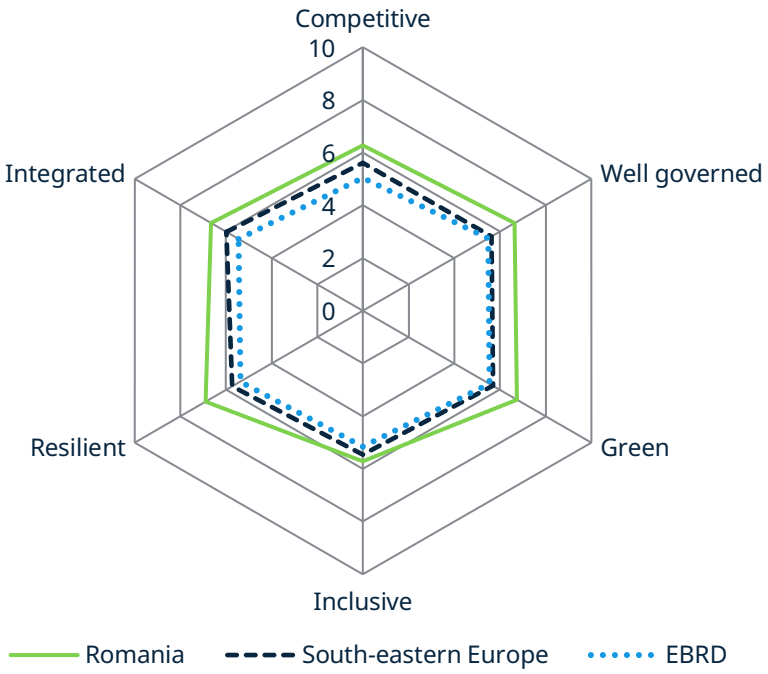
- **The economy contracted in the first half of 2026.** Real gross domestic product (GDP) shrank 0.7 per cent, driven by a 3.7 per cent fall in household consumption, even as European Union (EU)-funded investment expanded 9.3 per cent.
- **The fiscal deficit is moderating.** After declining to 7.8 per cent of GDP in 2025, the fiscal deficit is projected to shrink further towards 6 per cent of GDP in 2026 amid higher revenues and some restraint on spending.
- **Recovery and Resilience Facility implementation has accelerated this year.** Ahead of the end of August 2026 deadline, the government renegotiated its project pipeline with the European Commission and accelerated ongoing works to maximise absorption of the remaining €7.6 billion allocation.

For more information about country macroeconomic developments, please consult our latest Regional Economic Prospects report.

KEY PRIORITIES FOR 2027

- **Continue the fiscal consolidation process.** With the fiscal deficit projected at around 6 per cent of GDP in 2026, the government needs to commit to and potentially adopt further measures that would more strongly align the deficit path with the EU's Excessive Deficit Procedure requirements.
- **Strengthen state-owned enterprise (SOE) governance.** Following measures taken under the country's Recovery and Resilience Plan, the government should strengthen the implementation and monitoring of SOE performance and corporate governance.
- **Develop a pipeline of bankable public-private partnerships and concession projects.** Given its limited fiscal space and substantial infrastructural needs, Romania should strengthen its project preparation capacity and develop a transparent pipeline of commercially viable projects capable of attracting private investment.

ASSESSMENT OF TRANSITION QUALITIES (1-10)



For more on reforms and transition qualities, see Chapter 5 of the EBRD Transition Report 2026-27.

KEY REFORMS AND POLICY DEVELOPMENTS[1]

Productive Investment and Competitiveness Package

- The package, adopted in February 2026, introduces state aid, guarantees and financing instruments for greenfield investment, manufacturing, research and development, strategic technologies, critical minerals, export activities and projects in less-developed regions.
- It also expands the roles of the Investment and Development Bank and Exim Banca Românească in mobilising private and institutional capital.

1 From the fourth quarter of 2025 to October 2026.

SOE corporate governance reform

- Adopted in November 2025, the reform strengthens the selection, remuneration and performance evaluation of SOE boards and managers, also requiring financial indicators to account for 50-75 per cent of the key performance indicators attached to management mandates.
- The reform also expands the oversight and enforcement powers of the Agency for Monitoring and Evaluating the Performance of Public Enterprises, including its ability to order remedial measures or cancel non-compliant board-selection procedures.

Corporate capitalisation and insolvency reform

- The reform, which entered into force in December 2025, introduced minimum share-capital requirements for limited liability companies, restricted dividend distribution and shareholder loan repayments by undercapitalised firms, and enabled the dissolution of persistently inactive companies.
- It strengthens creditor protection by increasing the disclosure and oversight of transactions with connected parties and expanding the liability of directors and controlling persons who contribute to insolvency.

Public administration expenditure reform

- Adopted in February 2026, the reform requires a 10 per cent reduction in central government personnel expenditure. It also lowers local government staffing ceilings, aiming to reduce filled posts by 10 per cent, with deeper cuts in overstaffed administrations.
- It links staffing and remuneration more closely to local revenue capacity and introduces competency-based performance evaluation for civil servants.

Renewable energy support and Energy Communities Framework

- Adopted in July 2026, the Modernisation Fund scheme provides competitively awarded state aid for new standalone battery storage facilities connected to electricity transmission or distribution networks, regardless of the network's voltage level. The scheme has a budget of €150 million and applies until the end of 2030.
- The Energy Communities Framework, adopted in November 2025, transposes key provisions of the revised EU Renewable Energy Directive and establishes a clearer legal basis for energy communities. Secondary rules for energy sharing and grid access have yet to be completed.

Private pension investment diversification

- Adopted in February 2026, the reform allows mandatory private pension funds (Pillar II) to invest up to 1 per cent of their assets in private capital, either directly in unlisted companies or through private equity (PE) or venture capital (VC) funds. The ceiling rises to 5 per cent where the Romanian state holds a stake in the investee entity or where the underlying PE or VC fund is financed through Romania's Recovery and Resilience Plan. A separate allocation of up to 5 per cent of pension-fund assets is permitted where the state or the country's Investment and Development Bank holds a direct or indirect stake.
- Complementary rules adopted in July 2026 adjust the valuation and risk treatment of pension fund assets.

Research and innovation system reform

- Adopted in July 2026, the reform introduced common rules and multi-year budget planning for publicly funded research and innovation programmes, while establishing a central observatory to monitor performance and evaluate the impact of public research and development spending.
- It established the central RoInovare unit to coordinate policies supporting private innovation, mobilise private and VC investment, and strengthen cooperation between firms and research organisations.