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Strengthening Planning and Budgeting Capacity and Supporting
the Introduction of Performance Budgeting

OUTPUT NO. 6

**Institutional Strategic Plan 2019-2022 for the Ministry of
Public Finances and its subordinated institutions**

September 2019

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LIST OF ACRONYMS

ANAF	National Agency for Fiscal Administration
ANAP	National Agency for Public Procurement
TAA	Technical Assistance Agreement
WB	World Bank
CCR	Romanian Court of Accounts
GD	General Directorate
DPPMAN	Directorate for public policies and supervision of normative acts
MPF	Ministry of Public Finances
MTO	Medium term budgetary objective
GDP	Gross Domestic Product
ISP	Institutional Strategic Plan
SGG	General secretariat of the Government
EU	European Union
PPU	Public Policies Unit
IT	Information Technology
VAT	Valued-Added Tax

PREAMBLE

Foundation

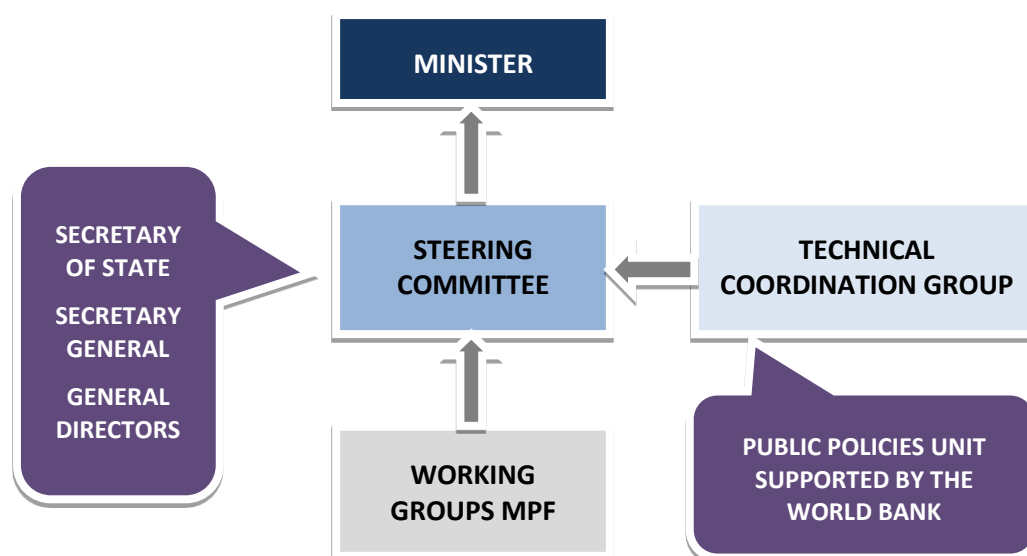
The General secretariat of the Government (SGG) concluded with the World Bank (WB) an Agreement for Technical Assistance Services to strengthen the planning, budgeting and supervision of policies capacity within the SGG, the Ministry of Public Finances (MPF) and the selected line ministries. In order to improve public spending efficiency, the technical assistance is focused on: i) the continuation of strengthening existing processes for the development of the Institutional Strategic Plan (ISP) under the guidance of the SGG; ii) construction of the intra-governmental capacity to monitor updates and the implementation of ISP with the help of a common IT tool, developed with the aid of the Bank and iii) the development of a central panel within the SGG for reporting with regards to the implementation of major ISP priorities of selected ministries.

The defined activities of the technical assistance are a result of the functional analyses of the public administration, which have emphasized the fact that the public sector suffers a lack of a better linkage between planning and budgeting, which leads to weak connections between the used resources and the results. As such, the government requested that the WB aid in institutionalizing a process for the supervision of policy implementation, with clear roles and responsibilities for the SGG, MPS and relevant ministries, by using methodologies, tools and processes developed in accordance with these services. This shall be an integral part of the budgetary reforms promoted by the Romanian Government. Having the purpose of making the strategic planning process compulsory for each ministry in Romania, the SGG wished that the ISP become a current product elaborated by each ministry.

As selected relevant ministry, the Ministry of Public Finances (MPF) has committed to developing a vast reform program, which shall cover both the policies and the public administration.

Methodology

Figure 1. Organization of the strategic planning process in the MPF



EXECUTIVE SUMMARY

By establishing an Institutional Strategic Plan (ISP) for the budgetary cycle 2017-2020 for the Ministry of Public Finance and for the 12 line ministries, the SGG sought to consolidate the budgeting, planning and monitoring capacity of the Romanian Government¹.

The 2019-2022 ISP of the MPF was revised in May 2019 - June 2019. The process enjoyed extensive, stable and substantial commitment from the entire relevant management and operational staff of the MPF, as well as of the specialists of the SGG.

The 2019-2022 strategic planning process of the MPF was supervised by the *Monitoring Committee of the Ministry of Public Finance*, made up of the general directors/ministry directors and the representatives of the institutions subordinated to and coordinated by the general secretariat of the MPF. The duty of the Committee is to analyze and endorse the draft Institutional Strategic Plan.

The *Monitoring Committee of the Ministry of Public Finance* was established on the basis of the Order of the minister of public finance no. 2954/2018 on the reorganization of the Monitoring Committee of the Ministry of Public Finance.

The public policies and legislative acts monitoring committee of the MPF ensured the technical coordination as member of the Technical Secretariat of the Monitoring Committee.

The World Bank has ensured technical support throughout the entire process, with the Public Policies and Legislative Acts Monitoring Directorate of the MPF operating as main intermediate and mediator.

The 2019-2022 ISP is based on the strategic objectives of the fiscal and budgetary sector, on the priorities and institutional purposes undertaken by the MPF; it also offers clear programs and measures (including budgets) necessary to reach these purposes on medium-term, as well as a solid framework for performance assessment in order to estimate the progress relative to these objectives.

ISP is organized on three strategic pillars for the fiscal and budgetary sector, as follows:

- **Strategic Objective 1: Consolidating the fiscal and budgetary administration** - refers to the establishment of a framework of principles and rules on the basis of which the Government should ensure the implementation of the fiscal and budgetary policies which would lead to an improved management of resources.
- **Strategic Objective 2: Ensuring public income performance** - refers to increasing budget income, a result of the decrease of tax evasion and of improvement of tax compliance, of equity and tax administration efficiency.
- **Strategic Objective 3: Consolidating the institutional framework** - seeks to consolidate the Ministry of Public Finance's capacity of fulfilling its public policy and regulation functions in an efficient and effective manner.

A description of the strategic objectives and expected impacts, of the programs and expected results and of the measures and their planned results, correlated with the financial resources and their distribution throughout the 2019-2022 implementation period represents the body of the ISP presented below.

¹ The project was initiated and developed in 2016 by the Chancellery of the Prime-minister (CPM), reorganized in 2017 under the coordination of the SGG.

1. INTRODUCTION

Foundation

The General secretariat of the Government (SGG) concluded with the World Bank (WB) reimbursable consultancy services to strengthen the planning, budgeting and supervision of policies capacity within the central point of the Government, the Ministry of Public Finances (MPF) and the selected line ministries. In order to improve public spending efficiency, the technical assistance is focused on: i) the continuation of strengthening existing processes for the development of the Institutional Strategic Plan (ISP) under the guidance of the General Secretariat of the Government (SGG); ii) construction of the intra-governmental capacity to monitor updates and the implementation of ISP with the help of a common IT tool, developed with the aid of the Bank and iii) the development of a central panel within the SGG for reporting with regards to the implementation of major ISP priorities of selected ministries.

The defined activities of these reimbursable consultancy services are a result of the functional analyses of the public administration, which have emphasized the fact that the public sector suffers a lack of a better linkage between planning and budgeting, which leads to weak connections between the used resources and the results. As such, the government requested that the Bank aid in institutionalizing a process for the supervision of policy implementation, with clear roles and responsibilities for the SGG, MPS and relevant ministries, by using methodologies, tools and processes developed in accordance with these reimbursable consultancy services. This shall be an integral part of the budgetary reforms promoted by the government. Having the purpose of making the strategic planning process compulsory for each ministry in Romania, the SGG wished that the ISP become a current product elaborated by each ministry and revised every year.

The Ministry of Public Finance (MPF), a line ministry selected in the project, undertook to carry out a reform program to cover both policies and administrative capacity, and the consolidation of the strategic planning function in the fiscal and budgetary sector, the Institutional Strategic Plan, represent an important component of this reform.

Methodology

The ISP revision follows a similar process to that of elaboration of the strategic document, as part of the methodology applied in a unitary manner in the ministries of the SIPOCA28 project. The process performed considers the ISP structure with the strategic objectives, the programs, measures, indicators and targets thereof previously established within the planned time horizon (4 years) and seeks an update thereof correlated with MTBF 2019-2022. The revision consists of:

- comparing the recorded results with the planned ones for the previous year; they shall be based on the objectives established in the strategic and operational plans;
- performing an exploration of the internal and external environment of the ministry, in order to establish any significant changes which are necessary for the forecasts on which the current plan is based, namely: sector and inter-sector national strategies in force or newly elaborated from the last use in the ISP; the government program; strategic reviews (functional analyses); and specific country recommendations
- adding a supplementary year to the plan²;

² See the Methodology of elaboration, monitoring and reporting of the Institutional Strategic Plans and of the programme budget, annex to the draft GD on approving the methodology of elaboration, monitoring and reporting of Institutional Strategic Plans and budgetary programs

- revision and update of the Programmes and their objectives, of the results (outcomes) and the target values of the indicators;
- revision of the Measures and immediate achievements (outputs) and the target values of the indicators;
- analysis and revision of the budget corresponding to the Measures (cost of outputs) in the MTBF 2019-2022;
- update of the Programme budget (amount of the Measures' budget);

Stage of implementation of the 2018-2021 ISP

Section 1

The revision of the 2019-2022 ISP considers the changes that occurred in the programmatic documents, as well as the new government priorities in the fiscal and budgetary field. The 2019-2022 ISP continues the cycle of fiscal and budgetary policies for 2018-2021 adopted by the Government and included in the Institutional Strategic Plan elaborated for this period, and the MPF has as main responsibility to balance the expectations regarding the spending of budgetary resources with Romania's financial possibilities.

The 2019-2022 Institutional Strategic Plan is organized around the main fields under the responsibility of the Ministry of Public Finance and continues the institutional objectives undertaken in the fiscal and budgetary field, as follows:

Strategic Objective 1: Consolidating the fiscal and budgetary administration - refers to the establishment of a framework of principles and rules on the basis of which the Government should ensure the implementation of the fiscal and budgetary policies which would lead to an improved management of resources.

Strategic Objective 2: Ensuring public income performance - refers to increasing budget income, a result of the decrease of tax evasion and of improvement of tax compliance, of equity and tax administration efficiency.

Strategic Objective 3: Consolidating the institutional framework - seeks to consolidate the Ministry of Public Finance's capacity of fulfilling its public policy and regulation functions in an efficient and effective manner.

Also, the document presents clear programmes and measures necessary to reach these purposes on medium-term, as well as a solid performance assessment framework, in order to estimate the progress relative to these objectives.

Section 2

The ISP implementation in 2019 was limited to programme measures which were part of the ministry's commitments regarding the fiscal and budgetary policy and referred to all programme components for which there were financial resources (see annex 3), respectively the MPF implemented the measures from the Government Program which are components of the ISP for the MPF.

From the perspective of the implementation reporting process, the MPF proposed to use and exploit the ISP monitoring and assessment tool made available by the SGG, part of the SIPOCA 28 project, but

data collection and the establishment of people in charge with reporting and recording the data in the system were not completed.

The ISP implementation suffered as a result of the fact that the programme budgeting methodology has not been formalized yet through an administrative act opposable to the central administration, and the budgetary execution is not made on the budgetary programmes of the ISP.

Section 3

The 2018-2021 Institutional Strategic Plan was made up of 3 Strategic Objectives, 6 Programmes, 70 Measures, with the following structure:

Strategic Objective 1: Consolidating the fiscal and budgetary administration

Programme 1.1 - **Fiscal and budgetary policy**; shall be implemented through 9 Measures

Programme 1.2 - **Public debt management**; shall be implemented through 3 Measures

Programme 1.3 - **Public procurement policy**; shall be implemented through 3 Measures

Strategic Objective 2: Performance public income administration

Programme 2.1 - **Public income administration** shall be implemented through 16 Measures

Strategic Objective 3: Consolidation of the institutional framework

Programme 3.1 - **Management and administration**; shall be implemented through 16 Measures

Programme 3.2 - **Budgetary, financial, and fiscal information systems** shall be implemented through 23 Measures

The performance indicators achieved at strategic objective and programme level - for 2018 no measurements were made, respectively the target indicators did not suffer amendments.

Section 4

The main conclusions regarding the implementation of the Institutional Strategic Plan at the end of 2018 are synthesized below.

The 2018-2021 Institutional Strategic Plan of the MPF did not undergo an internal approval and institutionalization process. Therefore, the strategic document was not mandatory for the institution; it only remained at the level of information and guidance tool for some of the ministry's departments.

The institutional strategic plan is known by part of the ministry's public officers, but it was not promoted as a product of the ministry's collective effort, or as an instrument of communication with the final beneficiaries or benefiting of special attention in support and coordination for implementation at the management's level, being noted by the internal departments through the scope of the initiatives included in the 2017-2020 Government Programme and occasionally used to substantiate public policies.

Also, in this stage of development and implementation of the ISP, the information about the budget are useful, but they do not represent an obligation in the reporting process, the budget included in the ISP not being executed by programmes, but only in certain cases the budget of the measures correspond to the ministry's budget and are executed as such.

The ISP's planning process is based on a dedicated institutionalized organizational structure, using the recommended methodology for elaboration and revision, but for the implementation and monitoring are not organized inter-disciplinary teams and the implementation processes are not institutionalized through the departments' duties.

2. CONTEXT

Romania's social and economic development is determined by the public policies adopted by the Government, as well as by the resources available to these public policies in the implementation process. The justification of the elaboration of a *2019-2022 ISP of the MPF and the institutions subordinated thereto* considers the operationalization of public policies. We present the context considered for this operationalization.

The Government adopted a new Fiscal and budgetary strategy presenting the objectives of the 2019 budget and for 2020- 2021³.

The macroeconomic framework configured for 2019-2021 considered: (i) the positive impact of the fiscal and budgetary measures taken until the present on the business environment and on the population's purchase power; (ii) the European and global framework emphasized in the fall forecasts of the European Commission, characterized by economic growth, although a less dynamic one, on the basis of an increased degree of uncertainty, the increase of commercial tensions, the increase of oil prices, tensed financial markets, marked by multiple interconnected risks of negative evolutions; (iii) the economic and social achievements of 2017 and 2018 until the present, aspects which will form the basis of substantiation of the budget indicators of 2019 and the reference horizon of 2020-2021, thus ensuring the predictable and sustainable nature thereof. Considering the evolution of the economic growth potential for 2019-2021, it is estimated that Romanian economy will continue its sustained growth, being possible an increase of the gross domestic product of 5.4% yearly.

The evolution estimated for 2019 of the main macroeconomic and budget indicators is the following:

Table 1. Macroeconomic indicators of the budget construct of 2019

MAIN MACROECONOMIC INDICATORS - SYNTHESIS	
Indicators	Year 2019
GDP - million Lei	1022472.2
Economic growth %	5.5
Average annual inflation %	2.8
GCB income - million Lei	342675
Share of total income in the GDP	33.51
GCB expenditures - million Lei	370924
Share of total expenditures in the GDP	36.28
Deficit - million Lei	-28249
Deficit - share in GDP	-2.76
Unemployed (total number of persons)	287000
Average net monthly salary	3085

Source: 2019-2021 Fiscal and Budgetary Strategy

The medium-term economic strategy of the Government is oriented towards promoting competitiveness and employment, continued implementation of structural reforms, improving the attraction of European funds, consolidating public finances as of 2019 and financial stability.

³ http://discutii.mfinante.ro/static/10/Mfp/transparenta/SFB2019_2021_15032019.pdf

In 2019-2021, with regard to economic policies, **the Government has as main objective the consolidation and maintenance of smart, sustainable and inclusive economic growth, able to provide the premises for consolidation of a strong, proactive state and a balanced society, with an extensive middle class.** This objective will be reached by:

- Stimulation, continuance, consolidation, and maintenance of smart, sustainable, and inclusive economic growth, able to provide the premises for consolidation of a strong, proactive state and a balance society, in order to increase investor's confidence in the Romanian economy;
- Allocation of important amounts to support prioritized significant public investments, as they are approved by the Government through the Memorandum with the theme approval of the results of prioritization of significant public investments, which shall be used in the process of elaboration of the draft State budget laws for every budget year, in order to ensure the conditions necessary to create the infrastructure for development and reduction of disparities between regions, improve service quality, environmental factors and life, with a multiplier effect and a direct contribution to gross fixed capital formation;
- Creating a predictable fiscal policy to support the business environment and stimulate investments in the sectors with high added value, simplifying taxation and streamlining internal processes, to create the assumptions for sustainable economic growth;
- Measures adopted by the Government with regard to stimulating consumption by adopting salary, social measures to ensure social protection and security for the elderly, the retired and the most vulnerable categories.
- Development and diversification of public debt management tools;
- Improving, applying and consolidating budget governance, increasing budget transparency and making public spending more efficient.

3. MISSION AND VISION

Mission of the Ministry and its subordinated institutions

The MPF and subordinate institutions support the Government in its undertaking to promote certain coherent and sustainable economic policies, to trigger economic growth and create jobs, to intensify investments such as the promotion of the efficiency and transparency and the transparency of public income and expenses administration in accordance with the Governing Program.

Vision of the Ministry and its subordinated institutions

The MPF and subordinate institutions aim at being recognized as trustworthy institutions, transparent, result-oriented, which focus on offering quality economic and financial management and improving empowerment.

Principles⁴

- coherence, stability and predictability in the field of medium-term public finances;
- harmonizing the legislative framework with European Union (EU) regulations;
- strengthening the institution's authority;
- perfecting the management of public funds;
- transparency of activities in its fields of activity, including the budgetary one;
<http://www.mfinante.ro/pagina.html?pagina=domenii&categoriebunuri=echipa>
<http://www.transparenta-bugetara.gov.ro/transparenta-bugetara/index.htm>
- collaboration with social partners;
- ensuring a competitive and predictable business environment.

Mandate⁵

MPF fulfills the following functions:

- strategy, through which, according to the Government's financial policy and EU norms, the elaboration of the strategy is ensured in the fields of activity specific to the ministry: fiscal, budgetary, public accounting, accounting regulations, public debts, public internal audit, public investments management, specific regulated fields;
- regulation and synthesis, through which the elaboration of the normative and institutional framework is ensured, necessary as to achieve the strategic objectives in the public finances field;
- representation, through which, on behalf of the Romanian State and the Government of Romania, the internal and external representation in its field of activity and within the limits established by the normative acts in force is ensured;
- budgetary and fiscal conception;
- state income administration;
- administration of resources delivered through the State Treasury;
- public debt management;
- implementation of provisions under the Treaty for Romania's Admission to the EU for the financial and fiscal field;

⁴ Art. 2 para. (3) in Government Decision no. 34/2009 on the organization and operation of the Ministry of Public Finance, as subsequently amended and supplemented;

⁵ Art. 2, para. (2) under Government Resolution no. 34/2009.

- financial administration of the PHARE, ISPA and SAPARD funds, Transition Facility, structural instruments and the pre-admission assistance instrument, for the programming period 2007-2013, of the European regional development fund, European social fund, cohesion fund, European aid fund destined to the most underprivileged persons, for the programming period 2014-2020, granted by the EU, including the financial assistance granted to member states of the European Free Trade Association through the Financial Mechanism of the European Economic Space and the Norwegian financial mechanism;
- supervision, alongside the other competent ministries/authorities according to the law, of the technical assistance offered to this international financial institutions and governmental international development/cooperation banks;
- coordination of budgetary relations with the EU, as well as of contacts with community structures, from an administrative point of view, in this field;
- coordination and regulation of the preventive financial control with regards to the use of public funds and administration of public assets;
- organization and execution of internal audit in public entities, including the MPF;
- record-keeping of assets constituting state public domain;
- combating tax evasion, conducted by the National Agency for Fiscal Administration (ANAF) and subordinate units;
- control of the unitary application and observance of legal regulations within its activity field, as well as the functioning of the institutions which conduct their activities in its suborder of under its authority;
- authority with competences in the field of customs policy and legislation, coordination, guidance and control in this field;
- support, respectively human, financial and material resources management, supporting specific activities by means of the information and communications technology, legal consultancy, as well as promoting a communicational work framework;
- elaboration, promotion and implementation of the policy within the field of public procurement, establishing and implementing the assessment and control system of the unitary application of legal and procedural provisions in the field of public procurement, as well as supervision of the efficient functioning of the public procurement system, exercised through the National agency for Public Procurement (ANAP);
- authority with attributions in the assessment of incorporating measures susceptible to constitute state aid within the economic-budgetary and financial policies of the Romanian State;
- administration of state aid schemes whose provider is designated according to legal provision in force;
- implementation of the effectiveness policies of the public investments management;
- assessment of the opportunity of implementing the public investment projects as partnerships between the public sector and one or several private partners, as to send to the Government for approval;
- audit authority for the EES Financial Mechanism, Norwegian financial mechanism and the Swiss-Romanian cooperation program, according to regulations belonging to each mechanism;
- of the National Coordination Unit of the Swiss-Romanian Cooperation Program.

4. STRATEGIC OBJECTIVES, PROGRAMS, MEASURES AND INDICATORS

Strategic Objective 1: Strengthening fiscal and budgetary management

- aims at establishing a framework of principles and rules based on which the Government may ensure the implementation of fiscal-budgetary policies which shall lead to a good financial management of resource.

The fiscal and budgetary management in Romania has progressed during the period of time which has passed since its admission to the European Union. At the same time, the challenges of a dynamic and growing economy correlated with an administration, in which the elaboration process of public policies demand a detailed impact analysis and determine a clear sustainable approach of these components, needing the strengthening of the fiscal-budgetary management.

This strategic objective is structured on the following fields grouped in programs:

1.1. Fiscal-budgetary policy:

The budgetary forecast for 2019 and medium-term is based on the provisions and objectives listed in the 2019-2021 Fiscal and budgetary strategy, namely:

- Stimulation, continuance, consolidation, and maintenance of smart, sustainable, and inclusive economic growth, able to provide the premises for consolidation of a strong, proactive state and a balance society, in order to increase investor's confidence in the Romanian economy;
- Allocation of important amounts to support prioritized significant public investments to ensure infrastructure and services, to improve life quality, with a multiplier effect and a direct contribution to gross fixed capital formation;
- Creating a predictable fiscal policy to support the business environment and stimulate investments in the sectors with high added value, simplifying taxation and streamlining internal processes, to create the assumptions for sustainable economic growth;
- Measures adopted by the Government with regard to stimulating consumption by adopting salary, social measures to ensure social protection and security for the elderly, the retired and the most vulnerable categories.
- Development and diversification of public debt management tools;
- Improving, applying and consolidating budget governance, increasing budget transparency and making public spending more efficient.

Fiscal and budgetary measures on the income side considered when elaborating the 2019 budget:

- increasing taxation on gambling;
- increasing the level of excises for tobacco products;
- applying in 2019 the measures of distribution of at least 90% of the net profit obtained in the form of transfers to the State or local budget, in the case of autonomous administrations, or dividends, in the case of national companies and fully or majority State-owned companies;
- applying as of 2019 the measure through which State-owned companies pay dividends of 35% of the amount allocated to other reserves, as well as from the amounts allocated for investments which have not been used;
- reducing labor taxation for companies in the constructions sector;
- selling licenses for the 5G technology.

Total budget income is forecasted to increase slightly from the level of 32% of GDP in 2018 to a level of 33.5% of GDP in 2021, especially on the basis of the increase of the rate in the GDP of social contributions. For 2019, the estimated level of budget income is of 33.8% (according to the ESA methodology).

In structure, income from current corporate income taxes and personal income taxes are provided to stay at the same level as in 2018, i.e. of 4.9% of GDP. On medium term, they are foreseen to increase by 0.1% in 2020 and 2022. Collections from the personal income tax are influenced by the negative impact generated by the exemption awarded to the employees from the constructions sector, in accordance with G.E.O. no. 114/2018, and on medium term, by the favorable evolution of the salaries fund in the economy.

It is estimated that the income from taxes and charges on goods and services will increase by 0.3% (reaching 10.7% of GDP) in 2019 compared to 2018. This is mainly due to ANAF's commitment of collecting additional revenues of 6 billion Lei for WATT and 1 billion Lei for excises as a result of the measures of improvement of collection and combating of tax evasion. On medium term, the collections from these charges will be at 10.5% of GDP in 2020, respectively 10.2% of GDP in 2021. Collections from social insurance contributions in 2019 are estimated to increase by 0.9% compared to 2018, being mainly influenced by the significant increase of the salaries fund of the economy, by the application for the whole year of the new legislative conditions compared to 11 months of application in 2018, and by the provisions in G.E.O. no. 114/2018 which create the assumptions for salary increases differentiated per fields of activity in the case of the employees from the constructions sector, at the same time as the exemption from payment of the contribution owed to the privately managed pensions fund (Pillar II) within the limit of 3.75% in 2019-2028, inclusive.

On medium term, the evolution of collections from social insurance contributions is determined by the forecasted increase of the average salary and of the number of employees, the share of income from this source being foreseen to reach 12.9% of GDP in 2021.

The main fiscal and budgetary measures on the expenditures side considered when elaborating the 2019 budget are:

- as of September 1, 2019, the value of the pension point increases by 15%, i.e. from Lei 1,100 to Lei 1,265;
- as of September 1, 2019, the guaranteed social allowance for the retired increases by 10%, i.e. from Lei 640 to Keu 704;
- as of the month following the entry into force of the Law on the State budget for 2019, the amount of the allowance for children increase from Lei 200 to Lei 300 for children up to 2 years old or up to 3 years old in the case of handicapped children, from Lei 84 to Lei 150 for children 2 to 18 years old, as well as for the youth who turned 18 but are attending high school or vocational education, organized under the law, until the completion thereof and from Lei 200 to Lei 300 for children with disabilities aged 3 to 18 years;
- as of January 1, 2019, the minimum gross salary at country level provided under art. 164 para. (1) in Law no. 53/2003 – Labor Code, republished, as subsequently amended and supplemented, shall be established in money, without increments and other bonuses, at the amount of Lei 2,080 on a monthly basis;
- as of January 1, 2019, the basic salaries, the military pay/function salary, the employment allowances shall be increased by $\frac{1}{4}$ of the difference between the basic salary, the military pay/function salary, the employment allowance provided by law for year 2022 and that of December 2018;
- as of January 1, 2019, the amount of the bonuses, allowances, compensation, premiums and other elements of the salary system which are part, under the law, of the gross monthly salary, the monthly military pay for personnel paid from public funds, shall be maintained at the amount awarded for the month of December 2018, at most;
- the award of holiday vouchers in 2019-2020, according to the provisions of G.E.O. no. 8/2009;

- the award of the meal allowance provided by art. 18 in Law no. 153/2017 between 2019 and 2020;
- in 2019-2021, for the military staff, policemen and civil servants with special status from the system of administration of penitentiaries, the allowances, compensation, premiums, compensatory payments, indemnities, monthly compensations for rent and other rights awarded in accordance with the legislative acts in force, which are not part of the gross monthly pay/salary, shall be maintained at the level of December 2018;
- in 2019-2021, the amount of the money compensation, respectively of the value allowance for meal rights and, respectively, the annual financial value of the equipment standards, as well as the financial value of equipment rights shall be maintained in payment at the level set for the month of December 2018;
- in 2019-2021 shall be maintained for payment at the level awarded/due for the month of December 2018 certain allowances paid to disadvantaged persons, like: allowances for persons persecuted for public and ethnic reasons, allowances for the members of the Romanian Academy, and so on;
- in 2019-2021 the annuities provided under art. 64 in the Law of physical education and sports no. 69/2000, as subsequently amended and supplemented, shall be awarded in the amount due for December 2018;
- also, when establishing the staff expenditures for 2019 it was considered the continuance of enforcement of some of the measures which refer to limiting the expenditures approved in the previous years.

Total budget expenditures are scheduled to increase in 2019 to 36.6% of GDP, on medium term being estimated a slight decrease, with the expenditures reaching 36% of GDP in 2021.

Staff expenditures as rate in the GDP represent for the year 2019 10% of GDP, for the year 2020 9.7% of GDP, and for 2021 are estimated at 9.4% of GDP. Gross fixed capital formation indicates the increase of allocations for medium term investment expenditures, from 2.6% of GDP in 2018 to 3.4% of GDP in 2021.

Both cash and ESA deficit are planned for 2019-2021 to observe the limit of 3% of GDP. The Government sent a draft budget for 2019 to the Parliament with a cash target deficit of 2.55%, but after the increase of the allowances for children were approved, the deficit increased to 2.76%. After which in 2016-2018, the ESA deficit stimulated economic growth in a sustained manner, the year 2019 marks the entrance on a trajectory of gradual adjustment thereof, a budget deficit of 2% of GDP being estimated for 2022.

Following the discussions with the European Commission were reflected one-off measures in 2018 and 2019, which led to the change of estimates regarding the structural deficits compared to the level forecasted in the Fiscal and Budgetary Strategy for 2019-2021. Thus, the structural deficit is estimated at 2.7% of GDP in 2018 and 2.8% of GDP in 2019, compared to the previous forecast of 3% for these years.

The increase of the structural deficit in 2019 by 0.1 p.p. and by 0.2 p.p. in 2020 (reaching a level of 3% of GDP) reflects the one-off measures, the positivity of the output gap and the cyclical component. Nevertheless, we estimate that the structural deficit will enter an adjustment trajectory towards the MTO as of 2021, reaching 2.4% of GDP in 2022.

Table 2. General consolidated budget balance (% GDP)

	2017 Achieved	2018 Achieved	2019 Estimates	2020 Estimates	2021 Estimates
ESA methodology balance	-2.7	-3	-2.8	-2.7	-2.4
Structural balance	-3.2	-2.7	-2.8	-3	-2.8

Source: Ministry of Public Finance

1.2. Public debt management:

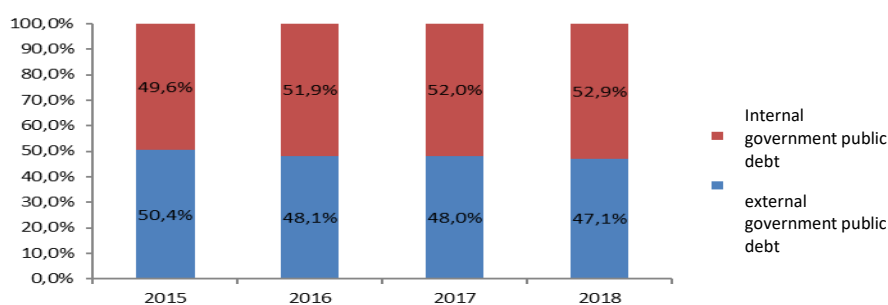
The program ensures the optimal management of funds and of the public debt in order to cover the necessary financing on short and long term, as well as to efficiently account for the transactions. In this respect, the MPF manages the internal and external government public debt, contributes to the development of the national financial markets, and maintains a solid relationship with the investors.

Evolution of government public debt

At the end of 2018, government public debt was of 331.1 billion Lei (calculated according to Emergency Ordinance no. 64/2007; does not include temporary financing, in accordance with the Government's public debt management strategy), representing 35.1% of GDP, based on an economic growth of 4.1% of GDP, given a deficit of the general consolidated budget of 2.84% of GDP.

As a result of the strategy adopted in recent years with regard to the financing of budget deficit mainly through issuance of government securities on the domestic market, as well as due to the increase of the demand of resident investors for Romanian Eurobonds, the government debt's structure based on residence was changed in favor of domestic government debt as of 2015, the government debt existing at the end of 2018 being of 52.9% contracted by resident creditors and 47.1% by nonresident creditors.

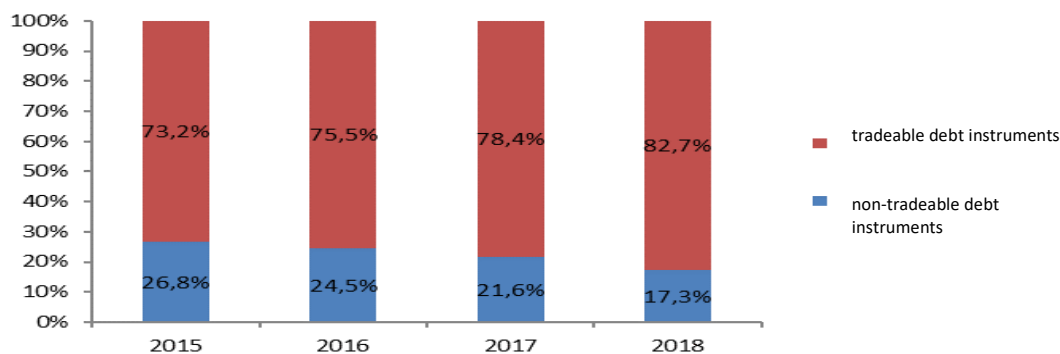
Chart 1. Government public debt by creditor residence



Source: MPF

As noted from chart 2, the structure of the government public debt has constantly improved, becoming a portfolio made up mainly of tradeable debt instruments (issued mainly in the national currency) which, through the characteristics of these debt instruments, allow flexibility and expediency in attracting financing sources and adapting to investor requirements.

Chart 2. Tradeable debt instruments v. non-tradeable debt instruments

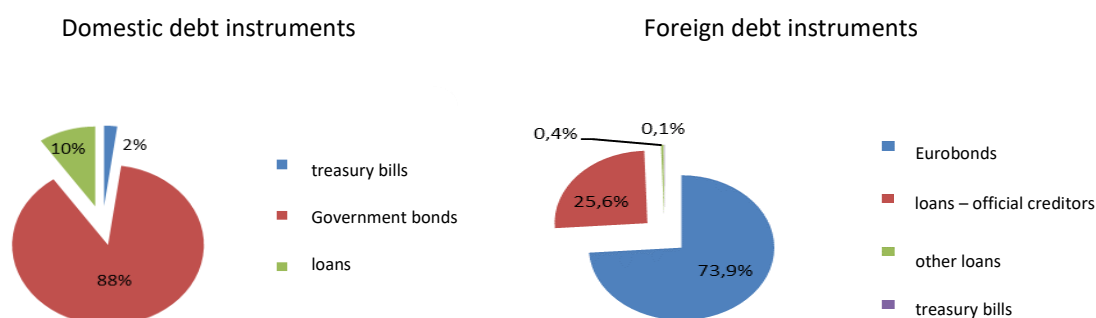


Source: MPF

Compared to State loans whose share was of 17.3% of the total government public debt, the rate of Government securities issued on the domestic and international markets was of 82.7% in the total

government public debt, of which 49.1% are government securities issued on the domestic market, and 33.6% those issued on the foreign market. The efforts of the MPF to diversify the investor base of government securities follow this tendency, through the issuance of those securities within the TEZAUR program. As shown by chart 3, the increase of domestic debt is represented by government securities, namely treasury bills and government bonds, while foreign debt is mainly made up of the bonds issued on the international capital markets and loans contracted from international financial institutions. The structure of foreign debt includes Government securities issued on the domestic market held by nonresidents, while the structure of domestic debt includes Eurobonds held by residents.

Chart 3. Debt structure by creditor residence and debt instruments



Source: MPF

Costs, expressed as average interest rates⁶, increased in 2018 as a result of the increase of interest rates, especially corresponding to domestic debt. Debt in national currency at the end of 2018 remains more costly than the debt in foreign currency⁷ as shown by the table below.

Table 3. Cost of the debt contracted directly by the Government, through the MPF, on types of instruments⁸

	December 31, 2017	December 31, 2018
Average interest rate of government public debt (%)	3.4	3.7
<i>1. in national currency, out of which</i>	3.5	3.9
a. Treasury bills with a 1-year maturity	1.1	2.6
b. Government securities with fixed rate and 1 to 5-year maturity	3.8	3.8
c. Government securities with fixed rate and 5 to 10-year maturity	5.6	5.5
<i>2. in foreign currency, out of which:</i>	3.3	3.4
a. Bonds in EUR with 10-year maturity	3.3	2.7
b Bonds in EUR with 3-5-year maturity	4.2	4.1
e. EUR multilateral	2.0	3.1
f. Bonds in USD with a 30-year maturity	5.7	5.7
g. USD multilateral	1,4	1,4

Source: MPF

⁶ Were calculated as ratio between the foreseen interest rate payments for 2019 and the existing balance at the end of 2018 for every debt instrument.

⁷ Excluding the influences owed to currency risk which may significantly change, in case of a depreciation of the national currency, the debt cost in foreign currency (interests corresponding to the debt in foreign currency).

⁸ The table shows the average interest rates for the selected debt instruments, aggregated from all the debt instruments that make up the government public debt portfolio.

Medium-term financing process

On medium term, the financing of State Budget deficit and the refinancing of public debt will be mainly made from domestic sources and, as supplementation, from foreign sources. The MPF will continue to have a flexible approach in the performance of the financing process, seeking to ensure the predictable and transparent nature of the offer of Government securities, in order to be able to react promptly and adequately to the possible changes of market tendencies and the investors' behavior.

In 2019, the MPF has made a partial pre-financing of the financing needs from foreign sources corresponding to year 2020, a policy it intends to continue in the following years according to the windows of opportunity on the foreign financial markets, thus achieving as a premiere the objective provided at the beginning of the year in the Indicative Schedule of issuance of government securities for year 2019. Besides, this is a common practice of assurance of the financing needs for debt management agencies at EU level, thus reducing the pressure on the assurance of resources to cover the financing needs in the current year, given larger debt redemption volumes in the first part of the year.

On the domestic market, in order to reduce financing costs and promote an improved operation of the secondary market, the MPF intends to continue the policy of building a series of liquid benchmark bonds throughout the entire yield curve, at the same time as having a transparent policy of issuance of Government securities, seeking to reach volumes per issuance in an equivalent value of approximately 2.5 billion EUR, with prior information of the market with regard to volumes, frequency of launching/reopening of certain categories of maturities. The MPF may reopen periodically the issuance of Government securities denominated in EUR on the domestic market in the framework of important demand for such instruments from the local investors in the absence of alternative instruments, thus being created the assumptions of an advantageous maturity/cost ratio.

Also, according to the completion of the procedural and operational framework in the NBR⁹, it is considered the use specific operations on the secondary market, like anticipated redemptions or exchanges of Government securities, in order to facilitate the process of refinancing of the series with large accumulated volumes, which become due and to accelerate the process of creation of new liquid benchmark government bonds over the level accumulated until the present.

In the financing process will be considered a flexible structure of maturities, which continues to allow the extension of the term of the debt portfolio and the reduction of refinancing risk. In this respect, it is important the structure of the local investment base, in which the share of holding of Government securities of the commercial banks still remains high. According to the report of the NBR on financial stability in June 2019, the banking sector holds approximately half of the public debt issued on the domestic market, Government securities representing approximately 22 percent of the assets thereof in December 2018.

Thus, if a scenario of increase of interest rate or of the risk premium for emerging markets which includes Romania is materialized, the holdings of Government securities may have a negative effect on the profitability and capitalization of banks as a result of recognition of losses from the market marking of fixed income instruments held, which may seasonally affect demand in Government securities auctions, although the holdings of Government securities represent an important source of liquidity for the banking system, being accepted as eligible assets for monetary policy operations.

To the same extent, it is important the evolution of the level of participation on the market of Government securities of the other categories of local investors, respectively investment funds, private pension funds, with important potential in the development of the domestic market of Government securities.

⁹ The auctions that correspond to buy back and switch operations on the domestic market will be made by using the electronic platform developed by the NBR for the auctions that correspond to the primary market.

In this framework, in the implementation of the medium-term financing plan, the MPF is considering measures of diversification of the Government securities with an effect on the reduction of the concentration risk and on reducing the yields on the primary market.

For this purpose, as well as in order to increase accessibility for private individuals and diversify sales channels for Government securities, as savings instruments, a program of distribution of Government securities to the population is currently being implemented both through the operative units of the State Treasury and through the network of units of Compania Națională Poșta Română.

With regard to the accessing of the foreign market, the MPF intends to maintain its presence on the international capital markets, mainly through issuances of bonds denominated in EUR, the issuances in other currencies being considered as a financing alternative, if advantageous costs are obtained or if external events occur, which might limit the access to certain maturity segments on the European market.

Also, after a first exercise made in June 2018 through the partial redemption of the bonds in USD due in 2022, it is considered to continue the performance of liabilities management operations, if the market conditions are favorable.

The MPF will keep flexibility with regard to the moment of accessing the international markets and the volume of external issuances, considering the associated costs, the risk considerations, the possible implications of the central bank's policies, as well as the evolution of the local market.

Thus, on medium term, the MPF intends to continue the partnership with the international financial markets in order to benefit of the financial advantages corresponding to these products in limiting the costs and extending the maturity of the debt portfolio through the offered conditions of cost and maturity, like the loans of IBRD on development policies (DPL type and/or other similar instruments), as well as the other loans contracted from the international financial institutions in order to finance the budget deficit and refinance the government public debt, making available the amounts based on the performance of measures and/or other actions necessary in the field of sector reforms.

Table 4. Financing sources that correspond to the estimated financing needs

	Maturity (years)	Value (billion)		
		2019	2020	2021
Domestic market				
1. Treasury bills	6 months to 1 year	12.0	11	11
2. Benchmark bonds in Lei	Over 1 year	37.0	38.0	38.0
3. Benchmark bonds in EUR	5/4 years	0.6	0.6	0.6
Foreign market				
1. Issuances of Eurobonds in the MTN Program (EUR equivalent)				
- EUR/USD	Over 10 years	4.25	4.0	3.8
2. Loans from international financial institutions (bn. EUR):				
a) EIB loans (incl. SPL), IBRD, ECDB, etc.	Vary according to the financier and the state of the loan (some are already reimbursed, and for others the terms are established upon drawing, according to the MPF's option) On average 15/20 years, of which 4-5 years grace period	0.1-0.26	0.2-0.36	0.2-0.42
b) CAT DDO loan (DPL type) *	up to 20 years	0-0.2	0-0.2	0-0.2

Source: MPF. *) According to the provisions of the loan agreement, which was ratified through Law no. 306/2018 the drawings from this loan shall be made in case of occurrence of a disaster (respectively an emergency situation, such as defined by Government Ordinance no. 21/2004).

1.3. Policy in the field of public procurement:

The program ensures the formulation, at conception level, promotion and implementation of the policy in the field of public procurement, establishing and implementing the assessment and control system of the unitary application of legal procedural provisions in the field of public procurement, as well as the supervision of the efficient functioning of the public procurement system.

In Romania, the reform of the national public procurement system was agreed with the representatives of the European Commission following the adoption of the Partnership Agreement for the programming period 2014-2020. Following the discussions with the European Commission, Romania negotiated in 2014 and accepted 36 ex-ante conditions (preparatory measures for the legislation/institutions for an improved use of European funds), among which the horizontal ex-ante condition G4 – The existence of measures of effective application of the Union law in the field of public procurement with regard to ESI funds (the European structural and investment funds). For the fulfillment of this condition, the Romanian Government adopted the National Strategy in the field of Public Procurement (NSPP), approved through Government Decision no. 901/2015. According to the provisions of art. 2 in G.D. no. 901/2015, the National Public Procurement Agency (ANAP) is responsible for the implementation of the NSPP.

Up to 95% the measures in the NSPP have been implemented in 2015 - 2018, the rest being in progress, including through the Project of European financing “Increasing the administrative capacity of ANAP and of the public institutions responsible for implementing the National Strategy in the field of public procurement”, SIPOCA 45, which shall be completed in 2020.

The progress obtained so far has led to the decision of the European Commission of lifting the ex-ante condition in the field of public procurement, a decision communicated to the Romanian authorities in March of this year, through letter ARES (2018) 489815 – March 19, 2018. At the same time, we emphasize that in the framework of implementation of the NSPP the legislative package in the field of public procurement adopted in May 2016 transposes the new European Directives in the field.

In order to continue the reform started in 2015, following the acquired experience, a series of measures were established in the ANAP which would lead to the constant improvement of the public procurement system’s operation.

Also, Romania, in its capacity as Member State of the European Union, is required to align to the amendments of the Community “acquis” in the field of public procurement and to implement the policies promoted through the Strategy of the European Union in the field of public procurement.

The professionalization, which is the object of the last recommendation of the European Commission in the field, is one of the five specific objectives of the NSPP, namely the development of professional evolution in the system for the personnel in charge with public procurement. Thus, it was decided by ANAP to elaborate a public policy document regarding professionalization in the field of public procurement.

The plan of professionalization in the field of public procurement was elaborated by the ANAP and subjected to a process of pre-consulting with the interested institutions and entities. Afterwards, it was sent for endorsement to the MPF, to be approved by the Government, being necessary to amend/supplement the legislative acts which refer to G.E.O. no. 13/2015 on the establishment, organization and operation of the National Agency for Public Procurement or to Government Decision no. 901/2015 approving the National Strategy in the field of public procurement. It is estimated that the plan will be submitted for Government approval in December 2019.

Actions for professionalization of the people in charge with the performance of public procurement shall be implemented by 2023 through a new project, titled Support in the implementation of the National Strategy in the field of Public Procurement (NSPP) through consolidating the administrative capacity of the ANAP and of the contracting authorities, whose financing will be ensured through the MA of POCA. On the whole, the project refers to consolidating the results obtained through the implementation of the SIPOCA 45 project, which included the majority of the measures provided by

the G4 ex-ante condition, with the purpose of increasing the transparency and responsibility of the public procurement system, respectively the unitary enforcement of the public procurement norms and procedures.

Following the implementation of SNAP, in 2018 it was set up by the O.U.G. no. 46/2018, the National Office for Centralized Procurement (ONAC), the first centralized procurement unit in Romania at the governmental level. In this regard, the measures provided for in the PSI include the efficiency of the activities carried out in order to achieve the objectives set for ONAC, respectively: optimizing the conditions and the procurement process based on economic and quality criteria, increasing transparency, professionalizing the personnel involved in the centralized procurement procedures.

The structure of strategic objective 1 includes three (3) programmes and fifteen (15) measures which correspond to the expected results, expressed through indicators. Strategic Objective 1 refers to long-term impacts on the fiscal and budgetary sector and is based on programme generated results, as they are presented hereinbelow:

Figure 2. Strategic Objective 1: Structure

Strategic Objective 1. Strengthening fiscal and budgetary management		
Program 1.1. Fiscal and budgetary policy	Program 1.2. Public debt management	Program 1.3. Public procurement policy
<p>Measures of Program 1.1.</p> <p>M1.1.1.1. Elaboration of the Fiscal-budgetary strategy</p> <p>M1.1.1.2. Elaboration of the annual budgetary laws and of rectification laws</p> <p>M.1.1.1.3. Development of the budgeting system by programs</p> <p>M.1.1.1.4. - Planning and implementing the spending analyses' results</p> <p>M.1.1.2.1. Analysis of the sustainability and affordability and assessment of the degree of preparation of the new significant public investment projects</p> <p>M.1.1.2.2. Analysis and verification of the observance by the primary budget holders of the methodological requirements regarding the assessment of the significant public investment projects in the process of prioritization and elaboration of the list of prioritized significant public investment projects;</p> <p>M.1.1.2.3. Analysis and verification of the manner of reflection of the prioritization results in the annual budgets of the primary budget holders</p> <p>M.1.1.2.4. - Monitoring on the basis of the progress and result indicators, of the stage of implementation of significant public investment projects</p> <p>M1.1.2.5 - Development of capacities to manage public private partnerships (PPP)</p> <p>M.1.1.2.6. Pilot-exercise for testing the rationalization mechanism of the Ministry of Transports' Public Investments Program (according to the proposals of the World Bank)</p>	<p>Measures of Program 1.2.</p> <p>M1.2.1.1</p> <p>Contracting the public governmental debt</p> <p>M1.2.1.2. Limiting risks associated to the governmental public debt portfolio</p> <p>M1.2.3. Supervision of the governmental public debt</p>	<p>Measures of Program 1.3.</p> <p>M1.3.1.1 Consolidating the knowledge to ensure a unitary approach of the personnel involved in the public procurement system</p> <p>M1.3.1. 2. Continued reform of the ex-ante control</p> <p>M1.3.1.3 - Establishing the pilot UCA at local level</p> <p>M1.3.1.4 - Monitoring and supervision of the public procurement system</p> <p>M1.3.2.1 - Approving the professionalization plan in the field of public procurement for 2019-2023</p> <p>M1.3.2.2- Implementing the Plan of professionalization in the field of public procurement for 2019-2023 (POCA project)</p> <p>M1.3.3.1 - Starting the activity of identification and collection of the necessary information to substantiate the public policy documents</p> <p>M1.3.3.2 - Elaborating the policy versions</p> <p>M1.3.3.3 - Approving the public policy documents</p>

Figure 3. Strategic Objective 1: Impacts and results

Impacts	<p>Impact indicator no. 1.1: maintaining budgetary deficit in limits convened upon by Romania: 2022 target - 1.45;</p> <p>Impact indicator no. 1.2: level of (gross) government public debt: 2022 target: 34.8%, the governmental debt calculated according to ESA</p>
Results	<p>Programme 1.1.: Fiscal and budgetary policy</p> <p><i>Result indicator 1.1.1:</i> No. of ministries/total which apply budgeting by programs. 2022 target: 23</p> <p><i>Result indicator 1.1.2:</i> Average budget/time overrun in implementing investments projects. 2022 target: 5%</p> <p>Programme 1.2: Public debt management</p> <p><i>Result indicator 1.2.1:</i> Share of debt in national currency in the total government public debt. 2022 target: 45% (minimum) - 60%</p> <p><i>Result indicator 1.2.2:</i> Share of debt in EUR in the total government public debt denominated in foreign currency. 2022 target: 80% (minimum) - 95%</p> <p><i>Result indicator 1.2.3:</i> Average maturity left for the government public debt. 2022 target: 6 years (minimum) - 7 years.</p> <p>Programme 1.3: Policy in the field of public procurement</p> <p><i>Result indicator 1.3.1:</i> Number of participants to training activities in the field of public procurement. 2022 target: 4100</p> <p><i>Result indicator 1.3.2:</i> Number of analyses, methodologies, guides and operational instruments developed to support the unitary approach in the field of public procurement. 2022 target: 10</p> <p><i>Result indicator 1.3.3:</i> Number of public policy documents elaborated in the field of public procurement. 2022 target: 1</p>

The estimated budget resources to be required for the implementation of measures and achievement of results and impacts for the period 2019-2022 amounts to 1,595,318 thousand Lei.

Table 5. Strategic Objective 1: Breakdown of financing by budget program

Budget by programs for the Strategic Objective		Total (thousand RON)	Total value/year (thousand RON)			
			2019	2020	2021	2022
P 1.1	Fiscal and budgetary policy	1,217,257	336,854	283,679	301,149	295,575
P 1.2	Public debt management	124,973	34,584	29,125	30,918	30,346
P 1.3	Policy in the field of public procurement	253,089	68,174	59,035	61,856	64,023
Total SO 1		1,595,318	439,612	371,839	393,923	389,945

Programme 1.1: Fiscal and budgetary policy

Justification: The budgetary process is clear and well-organized; however, more attention should be paid to policies and results. The framework for the elaboration and execution of the annual budget is clearly defined in the Law regarding Public finances, as well as in a series of subsequent regulations. The elaboration, approval and implementation of the annual budget are based on the *medium-term expenses framework*, which offers an indicative framework over three years. However, the annual budget deviations from the medium-term expenses framework are endemic. The annual budget calendar is established within the Law regarding Public Finances, but there are frequent divergences

from it. The budgetary rectifications determine the gradual reduction of the disparity between the approved annual budgetary program and the execution; however, improvements may still be brought to our budgetary process. At the present time, the planning and prioritization of policies, on the one hand, and budgeting, on the other, are disconnected processes, which affect the quality of the obtained results. The introduction of expense limits has not contributed to fundamental changes with regards to the strategic approach to budget planning.

It is often that budget requests from line ministries are not adequately substantiated and do not include a clear separation of the basic funding, necessary as to continue existing policies (based on the future estimations for the precious year) and of new funding initiatives. Furthermore, often, the initial budget requests do not respect the expenses limits approved by the Government and sent to the MPF based on the envelope of available resources. This practice leads to negotiations between the MPF and ministries with regards to the levels of funding, rendering the budget elaboration process difficult.

The budgetary process also suffers on account of policies decisions which are made ad hoc, which have budgetary implications. As a result of this, there are measures which affect the fiscal space in the medium term. Concurrently, resolutions with significant budgetary implication are made without being aligned to the strategic documents.

Even though, in time, its quality has improved, the Fiscal-budgetary Strategy (FBS) still does not make a clear connection between the policy priorities and budgetary allocations.

As a result, improving the quality of public expenses requires the consolidation of elements within the budgeting process. The Government intends to introduce, in the medium term, budgeting by program, the primary purpose being that of better prioritizing expenses and rendering ministries more accountable so that public expenses become more efficient and effective. The engine of this change shall be the MPF, supported by the SGG. At the present time, the two institutions are working on the finalization of a program-based budgetary methodology.

Making budget spending more efficient

Starting from the consideration of the significant amounts allocated from the State budget, it was decided to perform **pilot spending analyses in the fields of transport, health, and education**. For the *transport* sector was elaborated an *initial report* since October 2016, being identified areas of inefficiency of public spending (public investments, subsidies, maintenance, concrete savings options) and measures of efficiency. The analysis in the transport field will continue with the elaboration of the final report.

Further, on May 10, 2017 was established the *Inter-ministry committee of public spending analysis and efficiency* (Decision no. 397/2017 of the Prime-minister), a structure led by the Prime-minister (chairman), whose objective is to offer political support for the specific activity of public spending efficiency analyses.

For the *fields of health and education*, the MPF (Directorate of Public Spending Analysis and Efficiency) elaborated in 2017 *diagnostic analyses, terms of reference and measure sheets (measures which have been discussed with representatives of the MH, CNAS and MNE)*. By the end of 2018 will be elaborated *final reports for the fields of health and education*, which will present measures for rendering more efficient the activity for the analyzed fields, which will lead to possible modalities of obtaining savings and/or an improved efficiency of public funds. The reports will be subject to the approval of the Inter-ministry committee, which will decide on the measures to be implemented in the following period of time.

Management of public investments

Romania's economic competitiveness and performances suffer on account of the poor state of the infrastructure. The quality of the infrastructure is significantly behind that of other EU member states, even than that of state which lesser capital expenses, which emphasizes weak points in the preparation and quality of the public investments system in Romania.

International good practices support the idea that improving public investments management could generate significant results. A 2015 IMF study, Making Public Investment More Efficient, (<http://www.imf.org/external/pp/longres.aspx?id=4959>) has identified that approximatively 30% of the possible benefits of public investments, expressed based on various indicators of quality and access to infrastructure, are lost due to inefficiencies in the investment processes. In the countries with the most efficient public investments management systems, each dollar spent on investments in public infrastructure has a larger impact on economic growth compared to those with less efficient systems (IMF, 2015).

The improvement of the public investments management system represents a priority for the Government, as to support and increase investments in infrastructure, these being the engines of economic growth, regional development and improvement of public services. The Government's previous initiatives, as to increase the quality and efficiency of budgetary allocations for public investments also included the creation of an Assessment Unit for Public Investment within the MPF (G.E.O. no. 88/2013). By means of the current activities, the AUPI contributes to:

- i) improving the assessment process and the prioritization of significant public investments projects;
- ii) the analysis of the manner in which primary budget holders ensure the observance of legal provisions regarding the allocation of budgetary resources for the prioritized significant public investment projects;
- iii) consolidation of the supervision process of the implementation module of public investment projects by authorizing officers.

For the detailed application of provisions under G.E.O. no. 88/2013, in 2014, the methodological norms regarding the prioritization of public investment projects were elaborated and approved through G.R. no. 225/2014.

Subsequently, during 2016, as to monitor and render public expenses efficient in the context of attracting funding and private expertise in implementing such projects, the General Directorate for the Management of Expenses and Public Investment was created, of which the Assessment Unit for Public Investment was part.

With the purpose of strengthening the bond between the significant public investment projects' prioritization process and the budgetary process, a regulation was introduced in G.E.O. no. 88/2013, which establishes the distribution manner of budgetary resources distributed by primary budget holders in the process of elaborating the budget draft for the year following the one in which the prioritization results have been approved.

Although significant progress has been registered in the field of public investments, the improvement of the legislative and regulatory framework in the field of public investments management is required. As a result of analyses performed as a result of the "*Improvement of the public investment management*" project, implemented during 2014-2015 (whose beneficiary was the MPF through the Public Investment Assessment Unit, together with the General Budget Programming Directorate through the Public Investment Programming Directorate), five key aspects were identified, which should be improved:

- the technical capacity of assessing projects with adequate instruments;

- the strategic assessment and analysis of project proposals, from the point of view of relevancy, from a timely stage;
- prioritization of budget funding and ensuring an adequate funding for ongoing projects;
- activities regarding project management and improving the system for the supervision of the implementation stage of public investment projects, fact which leads to the strengthening of the decisional system;
- supporting the activities of the public investments management system, by consolidating the supervision and management function within the MPF; development of adequate computer instruments.

In August 2018, after the reorganization of the MPF, the Public Investment Assessment Unit was integrated into the General Budget Programming Directorate, the Public Investment Programming Directorate.

For the purpose of improving the monitoring system of the stage of implementation of public investment projects, in May 2018 were approved amendments and supplementations of Government Decision no. 225/2014 on monitoring public investment projects, which established the elaboration and approval through order of the minister of public finance of the framework content regarding the reporting that primary budget holders must elaborate and transmit on a quarterly basis to the MPF (Public Investment Assessment Unit).

Thus, in December 2018 was approved Order no. 3.903/2018 establishing the structure of the reports related to the monitoring of the performance of the public investment programme in accordance with the provisions of art. 44 in Law no. 500/2002 on public finance, as well as on the establishment of the framework content of the reporting regarding the stage of implementation of significant public investment projects according to the provisions of art. II in Government Decision no. 363/2018 amending and supplementing the Methodological norms on the prioritization of public investment projects, approved through Government Decision no. 225/2014.

Through OMPF no. 3903/2018 was intended to:

- create a monitoring system containing comprehensive information about both the annual budget execution throughout the performance of the investment process, and data and information regarding the stage of implementation of significant public investment projects, thus creating the assumptions for increasing the efficiency and transparency of the manner of spending budget resources;
- consolidate the decision-making process of the Government correlated with the process of elaboration of Budget laws;
- ensure that the implementation of projects is made in accordance with the established schedules and that there are assumptions for the approved objectives, results and indicators to be achieved;
- ensure that there is efficient management of public investment projects;
- correlate the manner of allocation of financial resources with the stage of implementation of the projects, which leads to efficient budget planning;
- identify the possibilities of redistribution of budget resources, with priority to the significant public investment projects in order to reduce the delays registered in their implementation.

Program objectives: Program 1.1 aims at:

(1.1.1) Ensuring a more transparent budgetary process, based on evidence (to have public policies as a basis) and result-oriented: *No. of ministries/total which apply the program-based budgeting 23 compared to 1 (current reference)*

(1.1.2) Improvement of public investments management processes (selection, independent assessment, budgetary prioritization and procurement): *Average budget/time overrun in implementing investments projects of at most 5% compared to 10% current reference*

Description: The program aims at the efficient, affective and adequate allocation of public funds, as to resolve the Government’s public policy priorities, and by means of the efficient and responsible spending of public resources. The program aims at promoting public investment (by means of PPP) in infrastructure and public services, but also to enhance the efficiency and effectiveness of the public investment management, offering technical assistance for the planning of capital expenses, assessment and prioritization of projects, selection and budgeting of public investment projects. The program aims at introducing program-based budgeting, as to ensure the prioritization of expenses and orientation toward results. Moreover, the program also ensures the supervision of the use of public resources by primary budget holders. At the same time, the program seeks to program and implement comprehensive spending analyses, whose findings will aid the subsequent budget planning and elaboration processes.

Measures: The measures which shall contribute to the achievement of the program’s results are presented hereinafter. The allocated budgets are under Annex 1, and the indicators’ targets associated to the measures are presented under Annex 3:

Table 6. Strategic Objective 1: Measures of Programme 1.1

(1.1.1) Ensuring a more transparent budgetary process, based on evidence (to have public policies as a basis) and result-oriented	
	<i>1 - Elaboration of the Fiscal-budgetary strategy</i>
	<i>2 - Elaboration of the annual budgetary laws and of rectification laws</i>
	<i>3 - Development of the budgeting system by programs</i>
	<i>4 – Planning and implementing the results of the spending analyses</i>
(1.1.2) Improvement of significant public investments management processes (selection, independent assessment, budgetary prioritization and procurement):	
	<i>1 - Analysis of the sustainability and affordability and assessment of the degree of preparation of new significant public investment projects</i>
	<i>2 - Analysis and verification of the observance by the primary budget holders of the methodological requirements regarding the elaboration of significant public investment projects in the process of prioritization and elaboration of the list of prioritized significant public investment projects</i>
	<i>3- Analysis and verification of the manner of reflection of the prioritization results in the annual budgets of the primary budget holders</i>
	<i>4 – Monitoring, based on the progress and result indicators, the stage of implementation of significant public investment projects</i>
	<i>5 - Pilot-exercise, in collaboration with the Ministry of Transport, for testing the rationalization mechanism of the Public Investments Program proposed by the World Bank.</i>

Programme 1.2: Public debt management

Justification: The objectives, indicators and targets associated to the “Management of Public Debt” program, are those under **The Strategy for the administration of the governmental public debt 2019-2021**.

Program objectives: Program 1.2 aims at Ensuring a prudent administration of debt and ensuring the funding of funding needs at Governmental level.

The objectives and indicative targets of the associated indicators stipulated within *The Governmental public debt management strategy in the medium term* are as follows:

- Ensuring the funding necessary of the central public administration and the payment obligations,

- on account of the minimization of medium and long-term costs;
- Limiting risks associated to the governmental public debt portfolio, and
- Developing the internal Government securities market.

Table 7. Indicative targets associated to indicators

Risk exposure	Indicator	Indicative targets for the period 2012-2020
Foreign currency risk	Weight of debt in the national currency of the total debt (% of the total)	45% (minimum) - 60%
	Weight of debt in the EURO of the total debt in foreign currency (% of the total)	80% (minimum) - 95%
Funding risk	Weight of outstanding debt within 1 year (% of the total)	10% - 20% (maximum)
	Weight of outstanding debt, in national currency, within 1 year (% of the total)	15% - 25% (maximum)
	Mean remaining maturity for the total debt (years)	6.0 years (minimum) – 7.0 years
	Mean remaining maturity for the debt in national currency (years)	3.5 years (minimum) – 5.0 years
Interest rate risk	The ratio of the debt which modifies its interest rate within a year (% of total)	10% - 20% (maximum)
	The ratio of the debt in RON which modifies its interest rate within a year (% of total)	15% - 25% (maximum)
	The mean period until the following modification of the interest rate for the total debt (years)	6.0 years (minimum)– 7.0 years
	The mean period until the following modification of the interest rate for the total debt in national currency (years)	3.5 years (minimum)– 5.0 years

Description: The program aims to manage the medium and long-term funding needs of the Government and, in this respect, manages the internal and external public debt, one of the objectives provided under the *Governmental public debt management strategy in the medium term* being the development of the internal government securities market, by means of measures regarding the increase of the efficiency, liquidity, as well as the transparency and predictability of this market.

Measures: The measures which shall contribute to the achievement of the program’s objectives are presented hereinafter. The allocated budgets are under Annex 1, and the indicators’ targets associated to the measures are presented under Annex 3:

Table 8. Strategic Objective 1: Measures of Programme 1.2

(1.2.1) Ensuring a prudent administration of debt and ensuring the funding of funding needs at Governmental level.	
	<i>1 - Contracting the public governmental debt</i>
	<i>2- Limiting risks associated to the governmental public debt portfolio</i>
	<i>3 - Supervision of the governmental public debt</i>

Programme 1.3: Public procurement policy

Justification: The adoption of a new legislative package in the field of public procurement has led to the increase of the complexity degree in performing public procurement and, implicitly, to the need of developing the knowledge and skills of the personnel with duties in the field. even though the new

legislation offers the opportunity to perform strategic public procurement which can have a positive impact on the citizens' life quality and on the efficient spending of public funds, the most used procedure is the simplified one, and the ones used most seldom (in 13% of the cases, on average) are competitive dialogue, partnership for innovation and solutions contest.

In 2016, the request for tenders/simplified procedure represented 65.21% of the award procedures of public procurement agreements initiated in SEAP, and the open auction represented 33.55% of the procedures. In 2017, the simplified procedure had a share of 68.43% relative to the number of award procedures of public procurement agreements initiated in SEAP, and open auction had a share of 30.73%.

Of 13,916 procedures completed through agreement award/conclusion of a framework agreement in 2016, in 95% of the procedures was used the award criterion "lowest price", and in 2017 of a total number of 19,923 public procurement procedures completed through the award of an agreement/conclusion of a framework agreement, in 92.25% of the procedures was used the award criterion "lowest price". These data reveal that the contracting authorities/entities do not capitalize on the strategic potential of public procurement of products, services, or works.

The experts of ANAP responded in 2017 through the Helpdesk portal to 6,537 questions, compared to 2016, when they responded to 5,242 questions, and in 2015 they responded to 2,259 questions. This reveals that, following the legislative amendments in the field of public procurement, the number of requests received through the Helpdesk portal doubled. Moreover, the activity of award of methodological counseling in writing increased significantly, respectively by approximately 65% compared to 2015.

The public procurement departments are facing a high work volume, with a reduced number of personnel (in 57.71% of cases there is only one employee) and with difficulties faced in employing specialized personnel considering the high risks of the profession, the complexity of the activities and the low level of training (currently, training in this field is made through short term courses and with no unitary curriculum). Also, the contracting authorities are facing relatively high personnel fluctuations, considering that, according to the data obtained by ANAP, seniority in the procurement department is in most cases (56.01%) of 2 years and 6 months, on average, and in the last 3 years, in 84.63% of cases, one person left the department.

ONAC is a newly established institution and in order to achieve its objectives, actions in the following three directions are needed:

- a) Support documents regarding the planning phase of the award procedures: contracting strategies for the products / services to be procured centrally, as well as analyzes to identify the main problems, demanded by appeals, in the attribution of the products / services that can be subject to centralized procurement;
- b) Software and hardware infrastructure that allows the use of electronic means during the entire public procurement process. Currently, SEAP allows full electronic means to carry out only the second stage of the public procurement process, namely the stage of organizing the procedure and awarding the contract / framework agreement. Thus, O.N.A.C. will develop an integrated computer system that allows the planning stage to be carried out (collecting the necessary data from the users to reduce the risks that may appear in their centralization, but also to reduce the time allocated to this stage) and the post-contract award phase / framework agreement (monitoring the implementation of the framework agreement providing data on the real need of the user reflected after the implementation of the subsequent contracts);
- c) Human resources prepared to ensure the performance of efficient centralized procurement procedures. The human resources involved in the awarding of the centralized framework agreements need training courses in the field of centralized procurement, training courses specific to the categories of products / services that will be procured centrally, since the standardization of the products / services can be difficult to achieve. the

degree of heterogeneity of the demand.

Program objectives: Program 1.3 aims at: Improvement of the functioning of the public procurement system in Romania

Description: The program aims at ensuring the efficient functioning of Romania’s public procurement system, by continuing the reform which commenced at the same time as the adoption of the National Strategy for the field of Public Procurement in the year 2015. Furthermore, the program aims at aligning the action directions established at the level of the European Union by means of the Strategy in the field of public procurement.

Measures: The measures which shall contribute to the achievement of the program’s objectives are presented hereinafter. The allocated budgets are under Annex 1, and the targets of the indicators associated to the measures are presented under Annex 3:

Table 9. Strategic Objective 1: Measures of Programme 1.3

(1.3.1) Increasing the administrative capacity of ANAP and of the public institutions responsible for the implementation of NSPP (POCA project)	
	<i>1 – Consolidating the knowledge for assurance of a unitary approach for the personnel involved in the public procurement system</i>
	<i>2 – Continued reform of the ex-ante control</i>
	<i>3 – Establishment of a pilot CPU at local level</i>
	<i>4 – Monitoring and supervision of the public procurement system</i>
(1.3.2) Development of a professional evolution of the personnel involved in the field of public procurement	
	<i>1 – Approval of the Plan of professionalization in the field of public procurement for 2019-2023</i>
	<i>2 – Implementation of the Plan of professionalization in the field of public procurement for 2019-2023 (POCA project)</i>
(1.3.3) Elaboration and approval of the public policy documents regarding strategic procurement (innovative procurement, green procurement, socially responsible procurement)	
	<i>1 – Starting the activity of identification and collection of the information necessary to substantiate the public policy documents</i>
	<i>2 – Elaboration of policy versions</i>
	<i>3 – Approval of public policy documents</i>

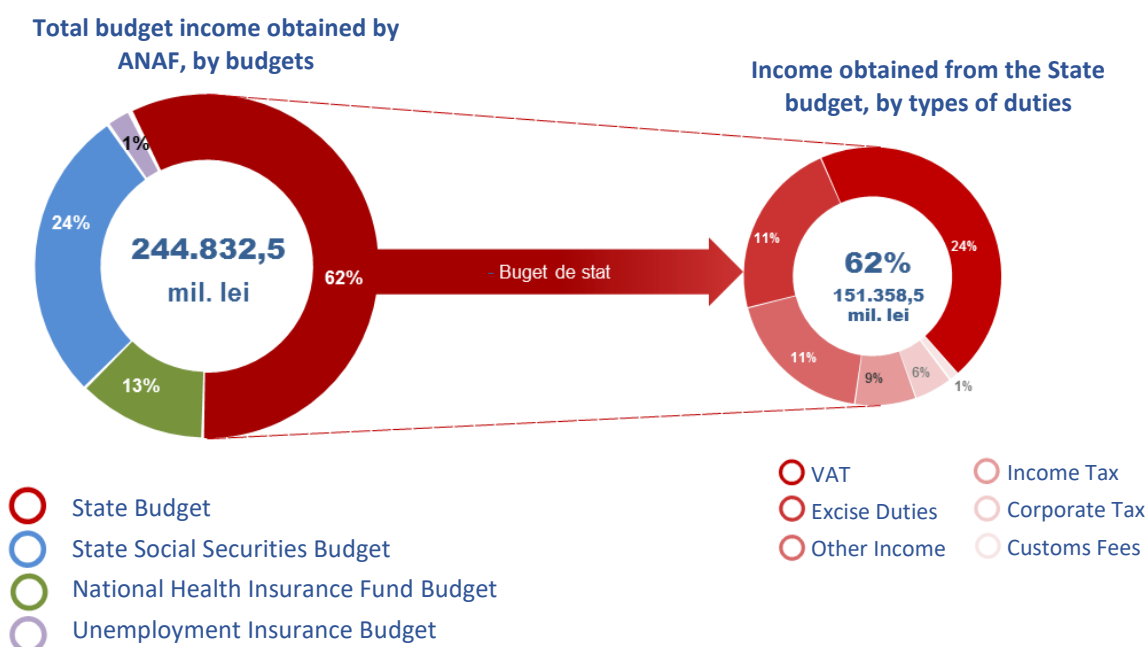
Strategic Objective 2: Effective administration of public income

aims at increasing the budgetary income, result of the reduction of tax evasion and of improving fiscal compliance, equality and efficiency of fiscal administration.

ANAF ensures the administration of fees, taxes, contributions and other budgetary income attributed by law as being of its competence, the application of the policies and regulations in the customs field and the exercise of customs authority attributions, as well as the operative and unannounced control regarding the prevention, discovery and fight against any actions or facts which have a tax evasion and tax and customs fraud effect, as well as certain facts attributed by law as being of its competence.

The income collected by ANAF in 2018 represents approximately 26% of the GDP. Indirect taxes (VAT, excise duties etc.) represent approx. 9% of the GDP, the rest of 17% being represented by direct taxes (corporate tax, income tax and social contributions).

Chart 4. Structure of fiscal income



Note: The share of taxes and duties which make up the State budget is calculated relative to the general consolidated budget (administered by ANAF)

The strategic objective is supported by ANAF's programmatic documents, ANAF's mission being that of efficiently and effectively collecting and managing fees, taxes, social contributions and other due amounts, as to ensure the necessary resources for the funding of public expenses, to apply policies and regulations in the fiscal and customs field. Concurrently, ANAF must perform the customs control at the borders which represent the European Union's external borders, to protect the financial, security and safety interests of the European Union and its citizens.

The structure of the strategic objective 2 includes one (1) program and thirteen (13) measures corresponding to the expected results.

Figure 4. Strategic Objective 2: Structure

Strategic Objective 2. Effective administration of public income
Program 2.1. Administration of public income
<p>Measures of Program 2.1.</p> <p>M2.1.1.1. Processing fiscal statements and payments</p> <p>M2.1.1.2. Foreclosure</p> <p>M2.1.1.3. The taxpayer guidance and assistance system</p> <p>M2.1.1.4. Consolidation of the activity of settlement of challenges</p> <p>M2.1.1.5. Promoting transparency in fiscal administration</p> <p>M2.1.1.6. Introducing a new concept of services for taxpayers</p> <p>M2.1.1.7. Reducing the complexity of the administrative framework and encouraging electronic declarations</p> <p>M2.1.1.8. Flexibilization the method of account garnishment</p> <p>M2.1.2.1. Fiscal controls, of which controls in the field of on-line trading</p> <p>M2.1.2.2. Customs supervision and control in the fight against illegal trafficking as to protect the national and community customs territory</p> <p>M2.1.2.3. Improvement of the methodological and procedural framework necessary for the reduction of the under-statement of taxes, fees and contributions</p> <p>M2.1.3.1. Consolidation of the office for large taxpayers</p> <p>M2.1.3.2. Improving governance and consolidation of collection efficiency (especially VAT and pension contributions)</p>

The Strategic Objective 2 stipulates long-term impacts in the fiscal-budgetary sector and is based on program-generated results, as they are presented below:

Figure 5. Strategic Objective 2: Impacts and results

Impacts	<p>Volume of incomes administered by ANAF in 2018: RON 244,832.5 million, achieved annually vs planned 99.9% Target 2022 - 100%;</p> <p>The ratio of fiscal income in the GDP including social contributions (impact) for 2018: 25.8%. Target for 2022 - 28.0%</p>
Results	<p>(2.1.1) Increasing the efficiency of collection and voluntary compliance: The degree of voluntary compliance to the payment of fiscal liabilities to 86.4% (value achieved in 2018) from 85.4% (reference value of 2017); The degree of collecting recoverable arrears increased to 71.4% from 69.4% (reference value of 2017); The degree of voluntary compliance for declaration was of 94.4% (value obtained in 2018) compared to 95.6% (reference value of 2017);</p> <p>(2.1.2) Reduction of tax evasion and tax fraud; Fiscal gap: ANAF develops its analysis and measurement capacity of fiscal gaps. The first data shall be published as of 2019.</p> <p>(2.1.3) Increasing the collection efficiency: The degree of achieving fiscal income in 2018 was of 99.9%; The mean time necessary for the preparation, declaration and payment of fiscal liabilities from 168 to 163 hours/year.</p>

The estimated budget resources to be required for the implementation of measures and achievement of results and impacts for the period 2018-2021 amounts to RON 12,006,491 thousand.

Table 10. Strategic Objective 2: Breakdown of financing by budget program

Budget by programs for the Strategic Objective		Total (thousand RON)	Total value/year (thousand RON)			
			2019	2020	2021	2022
P 2.1	Administration of public income	12,006,491	2,697,915	2,973,087	3,115,667	3,219,822
Total OS 2		12,006,491	2,697,915	2,973,087	3,115,667	3,219,822

Programme 2.1: Administration of public income

Justification: Comparing the amounts which the state collects from taxes with those which it should theoretically be collecting, on the basis of regulations in force, a “fiscal gap” occurs. In 2016 the VAT gap was of 33.5%. The fiscal administration uses a series of internal procedures, which still require the taxpayers’ presence at the window, the electronic means of communication being in a continuous development.

The efficient administration of large taxpayers is crucial for the collection of taxes and for the investment climate. Large companies present special challenges for any administration. In Romania, as in other states, most large taxpayers fulfill their basic obligations, of reporting and due payment of taxes. However, certain large companies adopt sophisticated non-compliance forms - which involve international activities, transactions between associated parties and structured financial agreements - which can have significant implications upon income and can significantly contribute to the general fiscal gap.

The risk management system used by the fiscal authorities must be consolidated by means of a greater attention paid to data and analyses exchanges with third-parties (banks, asset registries, customs, police etc.).

Objectives: Program 2.1 aims at achieving the following goals:

(2.1.1) Increasing the efficiency of collection and voluntary compliance: *The degree of voluntary compliance to declaring was of 86.4% (value obtained in 2018) from 85.4% (reference value of 2017); The degree of collection of recoverable arrears increased to 71.4% (value obtained in 2018) from 69.4% (reference value of 2017);*

The degree of voluntary compliance to declaring for 2018 was of 94.4% compared to 95.6% (reference value of 2017);

(2.1.2) Reduction of tax evasion and tax fraud: *ANAF develops its analysis and measurement capacity of fiscal gaps. The first data shall be published as of 2019.*

(2.1.3) Increasing the efficiency of fiscal and customs administration: *The degree of achieving fiscal income in 2018 was of 99.9%. The mean time necessary for the preparation, declaration and payment of fiscal liabilities decreased to 163 from 168 hours/year.*

Description: The program aims at ensuring the implementation of customs and fiscal policies and legislation, as well as the efficiency and effectiveness of management, collection and control of income to the general consolidated budget.

Success factors: Many of the progresses in fiscal administration depend on the availability of certain top generation computer systems. The implementation of such systems shall lead to: improving the efficiency of the non-compliance risk management system; development of taxpayer assistance services; and the improvement of the system for communication with taxpayers.

Measures: the primary measures which shall contribute to the achievement of the program’s objectives are presented hereinafter. The allocated budgets are under Annex 1, and the targets of the indicators associated to the measures are presented under Annex 3:

Table 11. Strategic Objective 2: Measures of Programme 2.1

(2.1.1) Increasing the efficiency of collection and voluntary compliance:	
	<i>1 - Processing fiscal statements and payments</i>
	<i>2 - Foreclosure</i>
	<i>3 - The taxpayer guidance and assistance system</i>
	<i>4 - Consolidation of the activity of settlement of challenges</i>
	<i>5 - Promoting transparency in fiscal administration</i>
	<i>6 - Introducing a new concept of services for taxpayers</i>
	<i>7 - Reducing the complexity of the administrative framework and encouraging electronic declarations</i>
	<i>8 – Making more flexible the method of account garnishment</i>
(2.1.2) Reduction of tax evasion and fraud	
	<i>1 - Fiscal controls, of which controls in the field of on-line trading</i>
	<i>2 - Customs supervision and control in the fight against illegal trafficking as to protect the national and community customs territory</i>
	<i>3 - Improvement of the methodological and procedural framework necessary for the reduction of the under-statement of taxes, fees and contributions</i>
	<i>4 - Extension of the competence to verify the personal fiscal situation</i>
(2.1.3) Increasing the efficiency of fiscal and customs administration:	
	<i>1 - Consolidation of the office for large taxpayers</i>
	<i>2 - Improving governance and consolidation of collection efficiency (especially VAT and pension contributions)</i>

Strategic Objective 3: Consolidation of the institutional framework

**aims at consolidating the MPF's capacity
as to fulfill its functions in an efficient and effective manner.**

By means of its mandate, the MPF is one of the most important public institutions for the achievement of Romania's economic growth objectives and to achieve the EU integration target. The direct and indirect beneficiaries of MPF's policies and actions results are represented by Romania's population and the economic environment. In this respect, the MPF must meet high liability and institutional capacity standards.

Institutional reform - following a clear and predictable path compatible with the visions upon the fiscal-budgetary sector and with the strategic objectives - this should be at least as important as the adequate definition of the sectorial programs' objectives or the adequate establishment of measures which support their implementation. In the future, Romania requires a fiscal-budgetary administration which is based on knowledge and information, focused on supporting the fiscal-budgetary sector as to be able to comply with public reforms, and as to be sustainable and predictable. This objective may be achieved by means of a strong leadership as to focus on sectorial objectives, in order to ensure the efficient management of policies and programs and to provide the best services to taxpayers and employees in the public administration, involved in the elaboration of public policies, as well as use of budgetary resources.

The priorities determined by these institutional challenges refer to: (i) optimizing the formulation and coordination process, including inter-sectorial, of public policies/strategies; (ii) institutional strengthening and facilitating resource, information and data flow within the entire administration; (iii) rendering efficient the information and counseling of citizens and organizations interested in the fiscal-budgetary sector; (iv) the effective and efficient use of internal (national) and external (EU and international) financial resources for the fiscal-budgetary sector and for the development of the administration; and (v) the optimal development and use of the fiscal-budgetary sector's computer systems by all interested actors, contributors or users of the fiscal-budgetary system.

This strategic objective is based on Program 3.1 and Program 3.2 and aims at creating a fiscal-budgetary administration calibrated to the functioning needs, based on knowledge and information as to: (i) fulfill in a more efficient manner its strategic function (through better mechanisms for formulating the policies framework) and (ii) to deliver more efficient sector policies and services to the beneficiaries (by means of an enhanced institutional framework). The programs of this strategic objective are supported by measures for the improvement of the administrative capacity for the management and implementation of sectorial policies with the purpose of obtaining a better functional performance of the ministry and the ministry's subordinate structures. Among these are (i) improving functional roles, procedures and mechanisms for the establishment of Romania's fiscal-budgetary sector's strategy; (ii) developing human resources; (iii) solving issues regarding access to sector data and information; (iv) resolving issues related to the lack of certain performance assessment instruments for sector and personnel; (v) improving coordination with other governmental institutions which manage a portfolio with impact upon the performance of the fiscal-budgetary sector.

The structure of strategic objective 3 included 2 programs and thirty-eight (38) measures corresponding to expected results.

Figure 6. Strategic Objective 3: Structure

Strategic Objective 3. Consolidation of the institutional framework	
Program 3.1. Management and administration	Program 3.2. Financial, fiscal and budgetary computer systems
<p style="text-align: center;">Measures of Program 2.1.</p> <p>M3.1.1.1 Revising the organizational responsibilities and procedures for improving strategy formulation and a more efficient implementation of the ISP</p> <p>M3.1.1.2. Promoting organizational development</p> <p>M3.1.1.3. Development of the ICT infrastructure for MPF internal processes</p> <p>M3.1.1.4. Management of human resources and adapting to the organization's needs</p> <p>M3.1.1.5. Vocational training and perfecting, learning and expertise for the ministry's specialized personnel</p> <p>M3.1.1.6. Performance assessment system in the MPF</p> <p>M3.1.1.7. Elaboration of annual and multi-annual budgetary programs for the complete use of allocated internal and external funds</p> <p>M3.1.1.8. Modernizing and preserving the MPF's infrastructure</p> <p>M3.1.1.9. Transparency in the decisional process and in the formulation of public policies and of the legal framework</p> <p>M3.1.10. Informing beneficiaries of public policies</p> <p>M3.1.2.1. Operationalization of impact analyses of MPF's public policies</p> <p>M3.1.3.1. Development of the analysis, audit and control and risk management capacity</p> <p>M3.1.3.2. Attraction and use of funds to develop the administrative and institutional capacity</p> <p>M3.1.3.3. Effective and efficient operation of the services provided by the ministry</p>	<p style="text-align: center;">Measures of Program 2.2.</p> <p>M3.2.1.1. Maintenance of the existing IT infrastructure</p> <p>M3.2.1.2 Development of technological and communications platforms</p> <p>M3.2.1.3. Improvement of business-IT linkage mechanisms for PEM</p> <p>M3.2.1.4. Improvement of MPF's IT function</p> <p>M3.2.1.5. Implementation of new technologies</p> <p>M3.2.1.6. Support for users, specialized training for the use of MPF's ICT applications destined for the fiscal-budgetary sector</p> <p>M3.2.2.1. Elaboration and approval of the ICT Strategy within the MPF</p> <p>M3.2.2.2. Development of the Public Investments Management System</p> <p>M3.2.2.3. Optimization of the information system of elaboration of the budget</p> <p>M3.2.2.4. Development of an income management system</p> <p>M3.2.2.5. Development of "Patrimven"</p> <p>M3.2.2.6. Extension of the utility and use of the "Private Virtual Space" service (PVS)</p> <p>M3.2.2.7. Providing citizens information regarding fiscal and non-fiscal obligations collected and consolidated at national level in ImpTax</p> <p>M3.2.2.8. Creation and operationalization of the electronic tax identity of the natural person (CUIF)</p> <p>M3.2.2.9. Standardization of data collection systems on the basis of electronic forms used in relation to the citizen</p> <p>M3.2.2.10. Constitution and publishing of the electronic tax, local tax and other contributions registry</p> <p>M3.2.2.11. Development of the reciprocal data exchange system with member states of the EU and OECD</p> <p>M3.2.2.12. Development of the "System for the registration and supervision of electronic fiscal cash register" (SIMAMEF)</p> <p>M3.2.2.13. Implementation of customs IT systems</p> <p>M3.2.2.14. Development of the "Banking Garnishment Information Systems" (SIPoB)</p> <p>M3.2.2.15. Development of the "Invoice record system" (eFACT)</p> <p>M3.2.2.16. Independent approach to the issue of the new ANAF Primary Data Center</p> <p>M3.2.2.17. Creation of an electronic reporting platform/system for periodical situations sent by loan/guarantee beneficiaries in accordance with public debt law</p>

The Strategic Objective 3 stipulates long-term impacts with regards to the fiscal-budgetary administration and is based on program-generated results, as they are presented below:

Figure 7. Strategic Objective 3: Impacts and results

Impacts	<p>Degree of confidence in the MPF institutions and its actions: Target 2022: 90%;</p> <p>Absorption rate of funds dedicated to the development of the fiscal-budgetary sector: Target 2022: 70%</p> <p>The computerized processes and procedures percentage at the level of the fiscal-budgetary sector: Target 2022: 50%</p>
Results	<p>(3.1.1) MPF structural and functional improvement and stability and of its subordinate institutions: Number of annual amendments brought to the functional structure, up to at most 4;</p> <p>(3.1.2) Increasing the efficiency of the MPF’s policy elaboration, assessment and implementation processes; the degree of compliance of policy elaboration processes with the legislative requirements 100% no. of compliant processes out of the total/year;</p> <p>(3.1.3) Increasing the efficiency of MPF’s operational budget: Percentage of operational expenses from MPF’s total annual budget, from up to 60% (reference value). Expenses per MPF employee (ANAF) up to RON/pers RON 207,000 from RON 90,000/pers (reference value).</p> <p>(3.2.1) Maintaining/Improving the current financial information system; Availability of financial systems (down time) 24/7;</p> <p>(3.2.2) Developing the fiscal-budgetary sector’s hub at national level; the degree of integration of budgetary, financial and fiscal information systems 50%</p>

The estimated budget resources to be required for the implementation of measures associated to strategic objective 3 and the achievement of results and impacts for the period 2019-2022 amounts to RON 7,540,323 thousand.

Table 12. Strategic Objective 3: Breakdown of financing by budget program

Budget by programs for the Strategic Objective		Total (thousand RON)	Total value/year (thousand RON)			
			2019	2020	2021	2022
P 3.1	Management and administration	7,514,539	2,257,844	1,762,736	1,759,340	1,734,620
P 3.2	Budgetary, financial and fiscal computer systems	25,784	13,302	4,114	4,161	4,207
Total OS 3		7,540,323	2,271,146	1,766,849	1,763,501	1,738,827

Programme 3.1: Management and administration

Justification: The successful implementation of the strategic plan depends on MPF’s capacity to fulfill its functions and to deliver services associated to them in an efficient and effective manner. The existing capacities, including structures and procedures, and available human and financial resources, must be reassessed periodically as to check if they still meet the ministry’s activity needs.

Program 3.1 supports the measures for the improvement of the administrative capacity for management and implementation of sectorial policies as to achieve the ministry’s functional optimum and that of its subordinate structures in implementing ISP. Successfully fulfilling this shall reflect in the administration’s stability, in the sectorial public policies successfully elaborated and implemented, in the volume and quality of using national and European budgetary funds.

Obtaining these results shall be possible if, within the process of implementing the measures, the beneficiaries and actors involved shall request and collaborate, and the decision makers and administration specialists shall act in a consistent manner, as to: i) reduce the frequency of amendments brought to the functional structure; ii) reduce the fluctuation of specialized personnel and of de-skilling; iii) elaborate coherent public policies based on certain procedures which are well-defined and adequately informed by statistical data, analyses and prognoses; iv) use participative and consultative methods in the elaboration of public policies; v) facilitate access to information, inform and consult direct beneficiaries of sector public policies; vi) be open to partnership and collaborations at local, national, European and international level; vii) computerization of data, information and document flows; viii) legal and efficient use of the ministry's operational budget; and ix) periodical monitoring and assessment instruments and processes, revision of the implementation of the institutional strategic plan measures and publishing of results.

Program objectives: Program 3.1 should lead to a better performance of the MPF and of subordinate institutions and proposes to achieve, by 2022, the following objectives:

(3.1.1) MPF structural and functional improvement and stability and of its subordinate institutions: *Number of annual amendments brought to the organizational structure, up to at most 4;*

(3.1.2) Increasing the efficiency of the MPF's policy elaboration, assessment and implementation processes; *the degree of compliance of policy elaboration processes with the legislative requirements 100% no. of compliant processes out of the total/year;*

(3.1.3) Increasing the efficiency of MPF's budget: *Percentage of operational expenses of the total MPF annual budget, from up to 60% (reference value). Expenses per MPF employee (ANAF) up to RON 207,000/pers. from RON 90,000/pers. (reference value).*

Description: The program proposes to ensure an efficient leadership, strategic management and administrative support for the MPF, by the continuous refinement of the organizational strategy and structure, in accordance with the applicable legislation and with good practices. The program is also responsible for ensuring a legal consultancy services, which is to ensure the coherence and consistency of the regulatory framework, and which shall allow the ministry to efficiently execute its mandate, under the law. The program also aims at ensuring an efficient and effective management of human resources, including the planning and management of the labor force, but also the recruitment, transfer and training of personnel, depending on the needs of the MPF's activity. At the same time, by implementing the measures, it is aimed at ensuring a budgetary substantiation and planning as to respect the principles of a sound financial management, of a healthy financial management, especially that of economy and the efficiency of expenses

Connections: This program offers support services for all the other programs.

Measures: The primary measures which shall contribute to the achievement of the program's objectives are presented hereinafter. The allocated budgets are under Annex 1, and the indicators' targets associated to the measures are presented under Annex 3:

Table 13. Strategic Objective 3: Measures of Programme 3.1

(3.1.1) With the purpose of improving the MPF's structural and functional stability and that of its subordinated structures:	
Measures dedicated to institutional modernization; increasing efficiency; improving the institutional processes and procedures	
	<i>1 - Revising the organizational responsibilities and procedures for improving strategy formulation and a more efficient implementation of the ISP</i>
	<i>2 - Promoting organizational development</i>
	<i>3 - Development of the ICT structure for MPF internal processes</i>
Measures oriented toward the MPF specialized personnel	
	<i>4 - Management of human resources and adapting to the institution's needs</i>
	<i>5 - Vocational training and perfecting, learning and expertise for the ministry's specialized personnel</i>
Measures oriented to performance assessment and financial management	
	<i>6 - MPF Performance Assessment System</i>
	<i>7 - Elaboration of annual and multi-annual budgetary programs for the complete efficient use of allocated internal and external funds</i>
	<i>8 - Modernizing and preserving the MPF's infrastructure</i>
Measures oriented toward transparency and free access to public interest information and communication/coordination with parties interested in the sector policy	
	<i>9 - Transparency in the decisional process and in the formulation of public policies and of the legal framework</i>
	<i>10 - Informing the beneficiaries of public policies</i>
(3.1.2) Increasing the efficiency of the MPF's, and subordinate institutions', policy elaboration, assessment and implementation processes	
	<i>1 - Operationalization of public policy impact analysis and feedback loops of policymaking of MFP</i>
	<i>2 - Consultation with citizens and interested parties involved within the fiscal-budgetary sector, for the formulation and publishing of public policies</i>
	<i>3 - Inter-institutional collaboration and experience exchange with the relevant national and international organizations</i>
(3.1.3) Increasing the efficiency of the use of MPF's and its subordinate institutions' operational budget:	
	<i>1 - Development of the analysis, audit and control and risk management capacity</i>
	<i>2 - Attraction and use of funds for the development of the administrative and institutional capacity</i>
	<i>3 - The effective and efficient functioning of services provided by the ministry</i>

Programme 3.2: Budgetary, financial, and fiscal information systems

Justification: The management of financial information at state-level has a transversal character at the level of Romania's entire public administration. The effectiveness, efficiency and empowerment for each of the budget elaboration and management processes, state income administration and financial reporting, as well as the centralization and use of budgetary and financial information at the level of the state cannot be ensured as such except by using modern ICT systems. Achieving the objectives of the programs within this ISP and implicitly, achieving the ISP's objectives, greatly depends by the availability and functioning, at the level of the entire MPF organization, of a latest generation information system which serves all the aforementioned processes and answers all information needs of all parties implicated in carrying out these processes: The MPF and its subordinate institutions, the other public institutions in the central and local public administration, others than state institutions, trading companies, organizations, citizens. The development of an information system must also bear in mind the fact that, also in its financial-fiscal scope, there are the functions exerted by MPF by means of its subordinate institution regarding the regulation and control of public procurement.

The MPF's information system is unique in Romania, both from the point of view of its complexity and of the specificities of its applications, and of the number of served public administration entities and private entities, as well as with regards to territorial expansion. The approach had by the MPF from the very start (from the '90s) and which it has maintained over the following years, with regards to developing the MPF's information system, was the process-orientation and not toward organization structures, which are more instable than processes. Both for the initial realization and the subsequent development of the informational system, it was considered that the budget elaboration and management processes, state income administration and financial reporting represent continuous, integrated processes.

The number of computer applications, data volume, served entities and the number of internal and external users has constantly increases, implicitly increasing the amount of work performed, as well as the necessary of resources for the development and administration of the computer system. An increasingly greater number of projects for the development of the computer system are currently undergoing execution and implementation, projects of significant importance and with finalizing deadlines, requirements imposed by the EU, World Bank, IMF, normative acts, requirements to render the activities of MPF's directorates efficient, requirements to improve services offered to taxpayers etc.

The continuous development of the MPF's computer system was determined, on the one hand, by the needs identified within the institution as to render efficient, by means of computerization, its own activities and processes, and on the other hand, by the need to create a public finances "hub" at national level (public administration's financial-fiscal services and data center), which would collect, manage and make reliable, coherent and current information, of a financial, patrimonial nature or with regards to public money, available to all interested factors (on the inside - MPF directorates and its subordinate institutions, on the outside - public institutions within the central and local public administration, other state institutions, external institutions, trading companies, organizations, citizens).

The MPF's computer system, as it has been initially developed, disposed of a unique, homogeneous and top generation architecture. The subsequent extensions and developments (performed step by step, to the extent of available funds) took into consideration the application of new technologies on the ICT market at that time, but without deviating from the initial principles regarding the process-based approach and the unique and homogeneous architecture. However, or perhaps due to it, the unique infrastructure of computer system has the great advantage of the fact that it can be used "on request" by application which need more resources at a certain point.

For that matter, the technological development allowed for the possibility of using the homogeneous architecture on virtual partitions, so that the calculation power may divide in a more precise and

dynamic manner, thus obtaining important savings. The static resource allocation systems lead to an excess of capacity (technologically normal) which, summed up for various production subsystems, have significance. The implementation of a virtual architecture allows for the visible reduction of the capacity excess. Exactly by means of capacity release by reorganizing the architecture, certain projects have been realized, which at the moment of commencement, had zero allocated resources (Examples: D112 Declaration, Virtual Private Space, PatrimVen etc.).

In parallel with the expansion of the computer system, measures were taken, and financial resources were ensured, to the extent of available funds, as to ensure its functioning: maintenance, infrastructure, hardware and software upgrades and updates, implementation of back-up, action solutions in case of disaster.

The costs for managing the computer system, from all points of view: administration, estimation of resources for maintenance and development, with all its complexity, are surely smaller and easier to control than in the case of multiple, non-homogeneous and eventually difficult or not at all integrable architectures.

Although initially, as of the '90s, with the reorganization of Romania's public finances, the ICT management structure at the level of the MPF was unique, in a first stage, at secondary budget holder level under the MPF's supervision, then, as of 2000, at the level of general directorate within the MPF's central apparatus, and starting with 2007, the ICT management was divided in two distinct structures, pertaining to two different public institutions: General Directorate for Information Technology belonging to the MPF and the General Directorate for Information Technology belonging to ANAF's central apparatus.

The division of the General Directorate for Information Technology in distinct departments, within distinct institutions, but commonly developing and managing the same highly complex computer system, has proved in time, on countless occasions, to be a disruptive factor. The general efficiency of activities, from all points of view: strategic and procedural, functional (computerization of the processes of the two institutions), the use of human resources, management of technological resources, was unsatisfying, the activity within the ICT field conducted at the level of the MPF's central apparatus and the level of subordinate institutions not being separable.

The primary causes which have impeded a more rigorous administration of the financial resources allocated to the ICT field, as well as the optimization and diversification of the services addressed to citizens and the business environment, many of them representing systemic issues, and which have permanently affected the ICT activities' efficiency and that of the computer system in general, are as follows:

- the MPF's and the institutions under its supervision's different priorities with regards to the development of the ICT field;
- the MPF's weak negotiation capacity in relation to the other State authorities, caused by the MPF's weak representation in defining modern e-governance and e-administration services, due to the fragmentation of the objectives of the subordinate institutions;
- dispersion of results used for the development and operation of ICT (human and material) as the complete perspective upon priorities in the ICT fields lack at the level of the entire organization, as well as that upon the available resources or those which are necessary to be allocated;
- difficulties in negotiations regarding maintaining the state of functioning of the systems acquired prior to the division of MPF's ICT structure;
- difficulties in European funds absorption due to the lack of a unitary strategy;
- significant delay in implementing the Project for the Modernization of Romania's Fiscal Administration (RAMP) managed only at the level of ANAF, but with negative effects upon MPF's entire computer system and, implicitly, upon the administrative processes within it;

- the activities in the information and communications technology conform, in parallel, to the two distinct, non-unitary and uncorrelated managerial internal control systems within the MPF and ANAF;
- the lack of an MPF and subordinate institutions unitary security policy.

Based on this, a series of normative acts, national and international regulations, governmental initiatives which appeared in 2016-2017, as well as the increase of the frequency and diversification of the negative events generated by the 2017 cyber-attacks, have led to the extraordinary situation described hereinafter:

- Romania is only an information provider for the USA and OECD partners in the field of income from interest collected from natural persons. Given the fact that Romania does not fulfill the imposed security standards, it does not benefit from information from the partners;
- The MPF-ANAF computer system cannot currently provide all necessary conditions as to ensure the continuity of the governance and crucial governmental services, in accordance with the decisions adopted at the NATO Summit in Warsaw 2016. MPF has essential attributions, which must be treated with priority within the National Continuity Plan in the case of certain emergency situations, as a result of disasters, actions associated to terrorism, manifestation of hybrid war and of armed conflicts on national territory;
- The increase in the frequency and diversification of negative events generated by cyber-attacks can generate important losses for the financial-fiscal system managed by MPF and measures must be taken as to counteract them by unifying the management of these situations, so that the answer to such attacks be unitary and rapid. The extraordinary situation derives from the actual situation created by the cyber-attacks which have blocked different systems within a vast field area, attacks based on modern information and communications technology resources. Or, in this case, the public authorities and institutions must keep up at the same pace, by creating programs and procedures which shall impede its own systems from being affected;
- The non-unitary IT policy at the level of the MPF and its subordinate units, in the context in which the necessary maintenance, technical support, licensing, upgrade services for the computer system under use are not ensured, has led to issues in the system's functioning. Measures must be taken as to ensure the necessary storage and processing resources and as to eliminate any computer security risks.
- Currently, Romania is working on amending the laws regarding critical infrastructures, as to comply with NATO requirements. Urgent measures for the unitary approach of maintaining and developing MPF's computer system must be taken, as to answer to NATO requirements and legislative amendments regarding critical infrastructures. The current segmentation of the system impedes this.

The negative consequence of not adopting the proposed measures is that of exposing the entire system in the field of information and communications technology to increasingly greater risks with unfathomable consequences in the case of its being affected (loss of data regarding taxpayers, impossibility of performing payments to the State Treasury etc.), the public interest being visibly affected.

A series of pressing necessities have imposed rapid measures for the unification of management and the unitary approach to the ICT field at the level of the entire organization:

- old ICT technological platforms and insufficient for most functions of the computer system and concurrently, an unhappy experience of not using funds for modernization (technological spaces which are not adapted to hosting ICT platforms, the lack of a replacement plan for the old platforms with coherent technological solutions, the lack of maintenance of used platforms, insular technological acquisitions);

- major national interest projects which fail to become reality: automatic communication of the institution and removal of garnishments on bank accounts, automatic collection of data in cash registers, management of financial data of public institutions, electronic payments within the Treasury; centralization of fiscal administration for legal entities;
- punctual actions needed for the achievement of the De-bureaucratization and Simplification Action Plan assumed by Romania are delayed due to the lack of capacity of the computer system;
- insufficient human resources to carry out major national interest projects;
- insufficient human resources to operate current technological platforms of national interest;
- insufficiently trained human resources for the migration from current ICT technologies to new technologies.

The need to reunify all activities in the information and communications technology area for the financial-fiscal field within one structure at the level of the primary budget holder was sustained, alongside the causes already presented, by the following arguments:

- the complexity of the computer system and the specificity of computer applications within it (hundreds of applications, hundreds of presence points);
- the number of served public administration entities and private entities;
- territorial expansion;
- the increasing number of significant projects for the development of the computer system and with finalization deadlines, requirements imposed by the EU, World Bank, IMF, normative acts, requirements to render the activities of MPF's directorates efficient, requirements to improve services offered to taxpayers etc.

As a result, by means of G.E.O. no. 77/2017, approved with amendment through Law no. 99/2018, the creation of the National Center for Financial Information (CNIF) was decided, as general directorate within the MPF by reorganizing the General Directorate for information technology, as well as the number of positions and personnel associated to this activity from ANAF's central apparatus, from the General Directorate for the Administration of Large Taxpayers, from ANAP and the National Prognosis Commission.

By creating the CNIF, the following were considered:

- **the unitary and efficient treatment of the ICT field at the level of the entire MPF organization from the point of view of:**
 - the application of the ICT governance principles regarding coordination based on a unitary strategic vision at the level of the entire organization and its alignment to the overall objectives of the organizations and not by segregated projects;
 - ensuring the quality of ICT services provided to its own users, other public institutions, the business environment and the citizens;
 - the systematic application of policies and procedures within the internal/managerial control system;
 - the unitary approach of budgetary elaboration and execution and income administration, as well as those of economic prognosis and the regulation and control of public procurement, conducted at the level of the MPF and its subordinate institutions;
 - efficient use of financial, material and human resources;
 - common use of data and procedures;

- achievement of the unitary and coherent management of risks;
- performance of the stimulating performance assessment.
 - **ensuring the continuity of the current activity and that of projects undergoing implementation at the level of the MPF and its subordinate units, under a sole ICT coordination:**

At least the following shall be achieved in a staged manner, within pre-established terms:

- maintaining the current ICT infrastructure's functioning state
- development of technological and communications platforms - upgrade
- finalizing the centralization and optimization of the computer system;
- designating and treating the MPF's computer system as a national critical infrastructure;
- MPF's role and attributions in the implementation of the measures within the Integrated Plan for the Simplification of Administrative Procedures Applicable to Citizens must be taken into consideration, as well as the business environment for the period 2015-2020 (hereinafter referred to as the Integrated Plan - version a). The Integrated Plan aims at meeting, for the citizens segment, the criterion of "Integrated Actions for the Simplification and Rationalization of Administrative Procedures" associated to ex ante conditions, sub-criterion "The existence of certain integrated actions for the simplification and rationalization of administrative procedures, including e-governance solutions". This Integrated Plan contributes to achieving the objectives assumed through the Strategy for the strengthening of the public administration 2014-2020 (SCAP 2014-2020) and was elaborated within the Thematic work group "De-bureaucratization and simplification" and approved by the National Committee for the coordination of the implementation of the Strategy for the strengthening of the public administration 2014-2020 (CNCISCAP). The Ministry of Public Finances is directly responsible for fulfilling 6 of the included measures and participates, together with other responsible institutions, to the implementation of other measures, given its role in the elaboration of economic policies at state-level and the role of primary collector and provider of financial-fiscal information:
 - expansion of the utility and use of the "Private Virtual Space" - PVS by the other public institutions of the local and central administration;
 - providing citizens information regarding the taxable goods taken into account upon the establishment of their fiscal liabilities, collected and consolidated at national level in the PATRIMVEN;
 - providing citizens information regarding fiscal and non-fiscal obligations collected and consolidated at national level in IMPTAX;
 - the creation and operationalization of the electronic fiscal identity of the natural person, for interaction with the state with the purpose of benefiting from electronic services associated to the financial, fiscal and social securities systems;
 - standardization of data collection systems on the basis of electronic forms used in relation to the citizen;
 - constitution and publishing of the electronic tax, local tax and other contributions registry;
- The observance of the commitments assumed by Romania with regards to the exchange of fiscal and customs data with its partners, member states of the EU or states within the OECD, must be ensured. In this respect, ANAF must continue to develop fiscal and customs interoperability programs, of which we mention here EMCS, AEOI, FATCA, implementation of the customs IT systems which have as legal basis the Union's Customs Code which was approved through

Regulation (EU) no. 952/2013 of the European Parliament and the Council from 9 October 2013 and the creation of an electronic environment (computerized, “paperless”) for customs and trade etc.;

- Other ANAF initiatives with the purpose of strengthening the fight against tax fraud, require powerful computer systems: System for the registration and supervision of electronic fiscal cash register (SIMAMEF), Invoice record system (eFACT) or Banking Garnishment Information Systems (SIPoB). The respective systems imply powerful calculation and storage platforms, as well as technical expertise as to define the most adequate architectures and dimensions;
- The developments scheduled for the future cannot be performed if the issue of the Primary Data Center is not resolved, center which functions within a building which no longer disposes of the necessary capacity to receive new equipment. There is need for a new Data Center, at current security and equipment standards, which would receive equipment which shall sustain the implementation of new systems and which shall have the necessary capacity as to increase the calculation and storage capacity over the next 5-10 years;
- Orientation toward information and communications technology services which the new organizational structure shall offer both internally, for the Ministry of Public Finances and its subordinate institutions (computer system development, administration and maintenance), and externally, to the other institutions within the public administrations, trading companies, citizens etc.;
- migration to a centralized architecture of the State Treasury’s computer system, with emphasis on diversifying services offered to clients
- migration to a state budget construction computer system. offering new ICT services to all implicated public institutions, services outside of the construction sphere and focusing on achieving the budget.
- Coordination with the other public institutions within the public administration from the point of view of the development of public services which the public administration offers in the electronic medium to citizens and the business environment - defining the CNIF as a financial node for the central and local public administration.
 - o **a more visible placement computerization at the core of strategic decisions, according to the decisive role which it holds in this day and age:** A stronger implication on behalf of CNIF analysts, together with the MPF’s specialized directorates and its subordinate institutions within the activities of defining requirements for new systems, as of their drafting, shall lead to pertinent and substantiated management decisions on all achievement levels of a public policy.

Program objectives: The program aims at achieving the following results by the year 2022:

(3.2.1) Maintaining/improving the functioning of the budgetary, financial and fiscal information system; *Availability of financial systems (down time) 24/7;*

(3.2.2) Developing the public finances hub at national level; *the degree of integration of budgetary, financial and fiscal information systems shall be of 50%;*

Description: The aim of this program is to offer adequate ICT solutions, which shall support the public finances management functions performed by the entire MPF organizations. In this respect, by implementing this program, the aim is ensuring the functioning of the MPF’s computer system, unitary and integrated, as to answer to the requirements of its internal beneficiaries - MPF and its subordinate institutions, and external beneficiaries, but also its expansion by developing new systems, required as a result of the amendment of activity needs and/or of technological developments at global level.

Program 3.2 aims at ensuring the alignment of the MPF's computer system with the requirements of elaborating and managing the state budget and of administering the state income, collection, centralization and use of budgetary and financial information at state-level, to ensure the interoperability with the other institutions of the public administration, as well as with the requirements for aligning with new technologies.

Connections: This program offers support services for all the other programs.

Success factors: Achieving the program objectives depends on the manner in which the ICT strategy shall treat them overall, and on the measures which shall be taken as to ensure an efficient ICT management at the level of the Ministry of Public Finances and for the improvement of the ICT function, both from the point of view of quality - increasing ICT specialists' performance, as well as from the point of view of quantity/increasing the number of specialists in all ICT required fields.

The successful implementation of this program depends on an efficient communication and collaboration between the CNIF and MPF's functional directorates and its subordinate institutions, as well. More specifically, the latter must clearly and in a detailed manner define and communicate what their requirements are for the development of new systems, adjustment/expansion of a system and, in general, the needs regarding ICT support. Frequent amendments to specifications for the requirements of a new system should be avoided.

A significant importance for the success of this program is represented by the measures for ensuring the functioning of the computer system at the capacity necessary as to meet the internal and external users' requirements, measures related to its maintenance, including measures to timely procurement of necessary services and products, in accordance with the necessities identifies with the functional directorates, as well as measures for continuous development. There can be no success without the harmonious threading between technological factors with human and procedural factors. Success is ensured by the good training of the personnel which is the final user of the implemented system, as well as by the rationalization and implementation of new work processes. A continuation of the undertaking started with the high-level definition of the Enterprise Architecture, is of such a nature as to improve the official status of this approach.

The development, expansion and optimization of computer applications which allow the collection, processing of financial, patrimonial etc. data and making it available to internal and external users at the level of the entire public administration shall ensure the development of the public finances' hub.

Measures: The primary measures which shall contribute to the achievement of the program's objectives are emphasized below and presented hereinafter. The allocated budgets are under Annex 1, and the indicators' targets associated to the measures are presented under Annex 3:

Table 14. Strategic Objective 3: Measures of Program 3.2

(3.2.1) Maintaining/improving the functioning of the budgetary, financial and fiscal information system	
	<i>1 - Maintenance of the existing IT infrastructure</i>
	<i>2 - Development of technological and communications platforms</i>
	<i>3 - Improvement of business-IT linkage mechanisms for PEM</i>
	<i>4 - Improvement of MPF's IT function</i>
	<i>5 - Implementation of new technologies</i>
	<i>6 - Support for users, specialized training for the use of MPF's ICT applications destined for the fiscal-budgetary sector</i>
	<i>7 - Independent approach of the problem of the new Primary Data Center of ANAF</i>
(3.2.2) Developing the public finances hub at national level	
	<i>1 - Elaboration and approval of the Strategy regarding information technology and communication within the MPF</i>
	<i>2 - Development of the Public Investments Management System</i>
	<i>3 - Optimization of the information system of elaboration of the budget</i>
	<i>4 - Development of an income management system</i>
	<i>5 - Development of "Patrimven"</i>
	<i>6 - Extension of the utility and use of the "Private Virtual Space" service (PVS)</i>
	<i>7 - Creation and operationalization of the electronic tax identity of the natural person (CUIF)</i>
	<i>8 - Creation of a collaborative environment to stimulate the private initiative in supplying electronic services for citizens and companies</i>
	<i>9 - Constitution and publishing of the electronic tax, local tax and other contributions registry</i>
	<i>10 - Providing citizens information regarding fiscal and non-fiscal obligations collected and consolidated at national level in ImpTax</i>
	<i>11 - Development of the reciprocal data exchange system with member states of the EU and OECD (taxes, social contributions etc.)</i>
	<i>12 - Development of the "System for the registration and supervision of electronic fiscal cash register" (SIMAMEF)</i>
	<i>13 - Implementation of customs IT systems</i>
	<i>14 - Development of the "Invoice record system" (eFACT)</i>
	<i>15 - Modernization of the ANAF portal, including through assuring accessibility from any mobile device, in order to improve citizens' interaction and that of the business environment with public institutions</i>
	<i>16 - Modernization of the electronic archiving solution</i>
	<i>17 - Consolidation and assurance of interoperability of the applications SIACF, DECIMP, VECTOR and SERADN with the information systems of the State institutions which have and may provide useful information in the activity of collection of taxes and duties to the consolidated State budget</i>
	<i>18 - Centralization of the Trezor information system</i>
	<i>19 - Development of the Big Data Platform dedicated to the operational and analytical integration and capitalization of data volumes of interest for the MPF and its subordinated institutions</i>
	<i>20 - Improvement of the electronic document management system SIDOC (EDMS) in the Ministry of Public Finance</i>

5. ARRANGEMENTS FOR THE IMPLEMENTATION, MONITORING AND EVALUATION OF PSI

Implementation: The implementation of the ISP shall start after the Parliament approved the state budget. By means of the Directorate for public policies and supervision of normative acts and with the aid of the technical directorates, the MPF shall prepare the annual operational plans for the implementation of the ISP. This activity is extremely important as it allows upper management to identify and settle in advance potential challenges determined by the allocation of resources for measures which have effects of different importance upon allocated resources.

Supervision and assessment framework: The supervision and assessment framework are described under Addenda 2 and 3; its stipulated indicators for each level of planning (impact, results, immediate execution). Annex 1 offers an overall perspective upon financial resources.

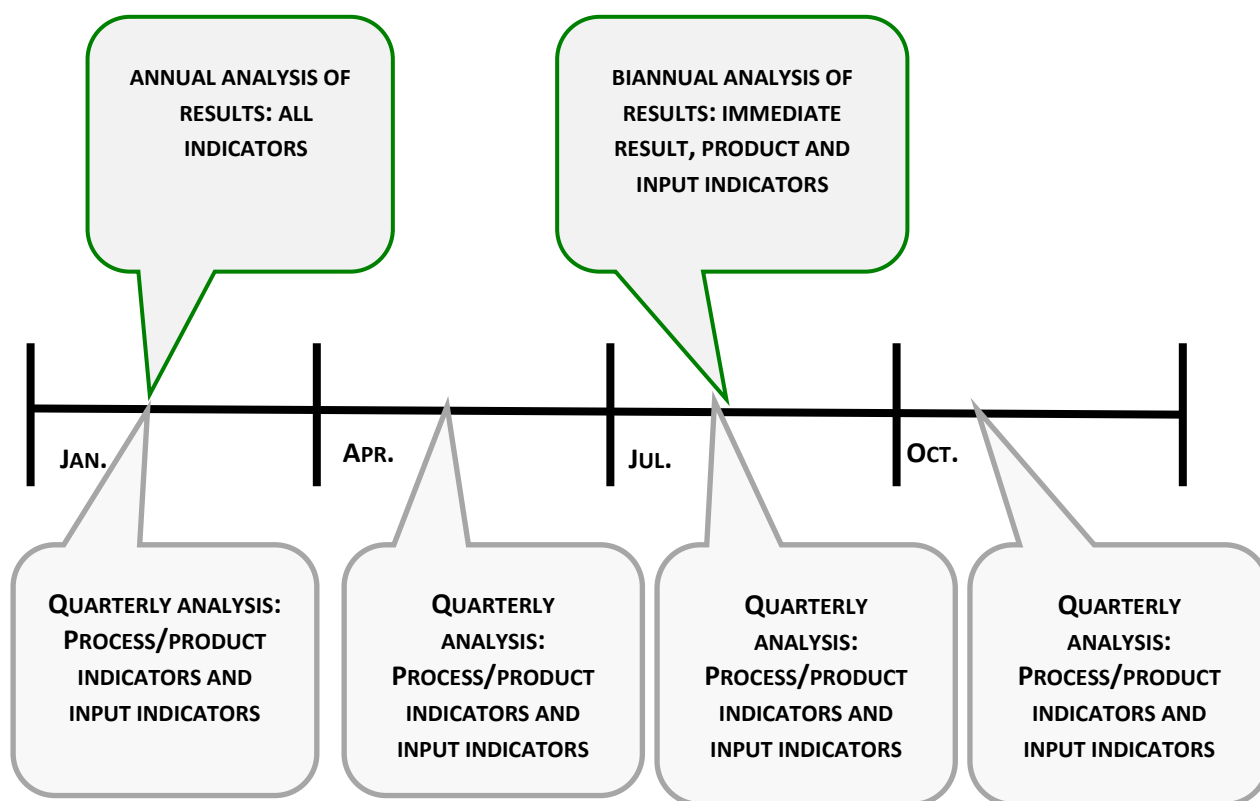
Data collection and management: A strategic planning and performance assessment IT system, following the format of the structure proposed by the ISP was developed by the SGG and is available for MPF as well. The application shall illustrate key functions of the ISP. The IT application is connected to the SGG and the progress of the ISP implementation can be monitored at all execution and management levels. The process of achieving the indicators' targets can be monitored by all interested parties, including citizens, by means of an interface available to the public.

Reporting: The reporting calendar proposed for implementing ISP, varies depending on the type of performance indicators. The decision with regards to what requires monitoring and how often, shall take into consideration avoiding the over-solicitation of MPF's operational directorates and its subordinate institutions. As such, by means of the supervision process:

- the input and process/product indicators shall be measured quarterly or at most monthly;
- the immediate result indicators (outputs) shall be measured quarterly;
- the result indicators (outputs) shall be measured biannually (per semester);
- the impact indicators shall be monitored annually.

A chart of the MPF's supervision cycle for the ISP is presented hereinafter.

Figure 8. MPF's supervision cycle for the ISP



It is important that the progress made toward achieving the planned results, according to the performance indicators and established targets, to be reported to the government, parliament, interested parties and the public. Even though annual progress report regarding the ISP are not drafted at the present time, in the future, it shall be extremely important that these reports be drafted and made public by the MPF.

Assessment: Besides the European funding projects, which are subject to intermediary ex ante assessments, and rigorous ex post assessments, the MPF has not developed a formal approach to ex post assessments of the budgetary programs. In the future, this activity shall offer important information as to bring changes with regards to their preparation and implementation.

Updating the ISP: A complete exercise of strategic planning shall be performed every four years. Within that respective interval, the MPF shall prepare an annual update, as to see if there are necessary ISP amendments.

Ensuring that the plan covers at least three years after the first year for which the budget planning and correlation is conducted, the updated ISP shall continue to represent a basis of annual budget requests which also require a projection in accordance with the Medium-term Expenses Framework (1+3) for one plus three years. Most often, the vision, strategic objectives and the programs' objectives remain unchanged, with the exception of the case in which a major event occurred or is imminent. The update exercise must be finalized until the end of May of each year, which shall leave time for the analysis of results received during the previous year and preparation of the budget.

6. FINANCIAL RESOURCES

ISP 2019-2022's validity is determined by the availability of the financial resources necessary for the implementation of measures associated to each program objective.

A summary of the budget which resumes the basic strategic objectives and the primary measures is presented under Annex 1.

The table below illustrates the annual financial envelopes available from the state budget for the operationalization of the ISP over the 2019-2022 period.

Table 15. Financial resources for the operationalization of the ISP 2019-2022 (thousand RON)

Objective/program	TOTAL (thousand RON)	Total budget loans (thousand RON)			
		2019	2020	2021	2022
TOTAL BUDGET	21,142,132	5,408,673	5,111,775	5,273,091	5,348,593

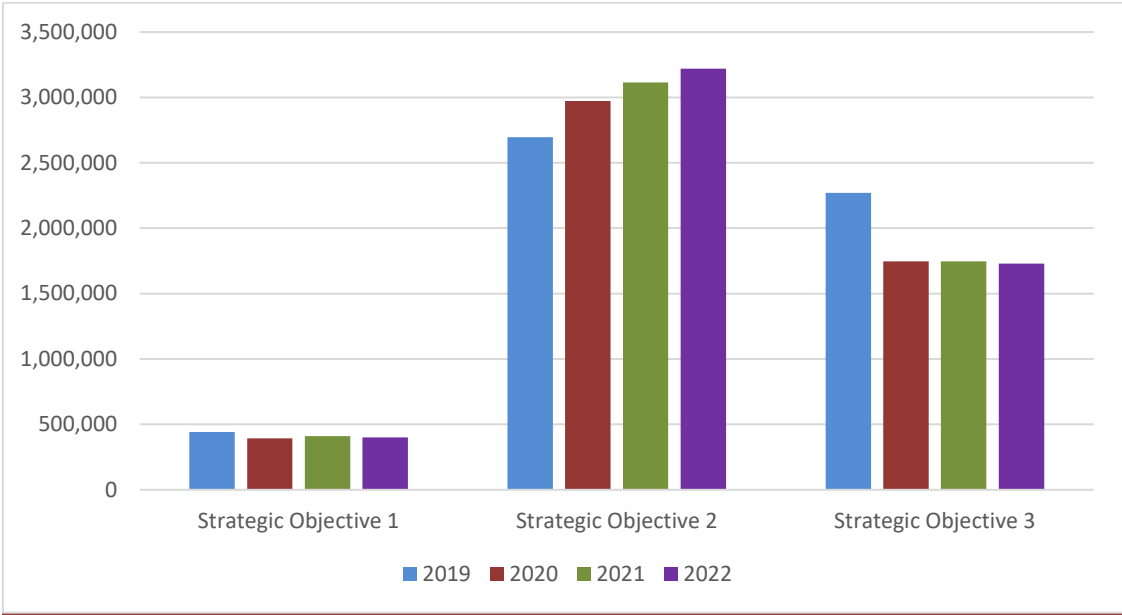
As shown in the table below, the ISP is based on three strategic objectives.

Table 16. Strategic objectives funding per years (thousand RON)

Strategic Objectives	2019	2020	2021	2022
Strategic Objective 1	439,612	371,839	393,923	389,945
Strategic Objective 2	2,697,915	2,973,087	3,115,667	3,219,822
Strategic Objective 3	2,271,146	1,766,849	1,763,501	1,738,827

The chart below illustrates the breakdown of financial resources by strategic objectives. As such, in 2019, over 7.8% of the resources allocated to the sector are directed to achieving the strategic objective of consolidating the financial budget management, and the strategic objective of efficiently managing public income has funds of over 35.4% of the total resources, with the observation that under this objective is financed as well the payment of compensation in accordance with the payment titles issued by the National Authority for Property Return on the basis of Law no. 165/2013 and Law no. 164/2014, as well as financial assets – participation to the share capital of the trading companies.

Chart 5. Breakdown of estimated financial resources, per years and strategic objectives (thousand RON, 2019-2022)



An important medium- and long-term institutional challenge shall be represented by the capacity to implement ISP, including the program-based budgetary execution. From an organizational and managerial point of view, this represents a challenge for the following period.

ANNEX 1.A: BUDGETARY PROGRAMS 2019-2022

Code	Objective/Program	TOTAL	Total budget credits (thousand RON)			
		Thousand RON)	2019	2020	2021	2022
TOTAL BUDGET		21,142,132	5,408,673	5,111,775	5,273,091	5,348,593
1.	Strengthening fiscal and budgetary management	1,595,318	439,612	371,839	393,923	389,945
1.1.	Fiscal-budgetary policy	1,217,257	336,854	283,679	301,149	295,575
1.2.	Management of public debt	124,973	34,584	29,125	30,918	30,346
1.3.	Policy in the field of public procurement	253,089	68,174	59,035	61,856	64,023
2.	Effective administration of public income	12,006,491	2,697,915	2,973,087	3,115,667	3,219,822
2.1.	Administration of public income	12,006,491	2,697,915	2,973,087	3,115,667	3,219,822
3.	Consolidation of the institutional framework	7,540,323	2,271,146	1,766,849	1,763,501	1,738,827
3.1.	Management and administration	7,514,539	2,257,844	1,762,736	1,759,340	1,734,620
3.2.	Budgetary, financial and fiscal information systems	25,784	13,302	4,114	4,161	4,207

ANNEX 2: INSTITUTIONAL STRATEGIC PLAN (SUMMARY TABLE)

Description of objectives and indicators	Unit	Reference value 2018	Target 2019	Target 2020	Target 2021	Target 2022
Strategic objective 1: Strengthening fiscal and budgetary management						
Impact indicator no. 1.1: maintaining the budgetary deficit within the limits agreed upon by Romania	%GDP (ESA methodology)	-2.91	-2.95	-2.38	-1.82	-1.45
Impact indicator no. 1.2: level of governmental public debt (gross)	%GDP (ESA methodology)	35%	35.4%	35.8%	35.4%	34.5%
Program 1.1: Fiscal-budgetary policy						
Result indicator 1.1.1: <i>No. of ministries/total which apply the program-based budgeting (according to the new methodology elaborated as part of SIPOCA 28)</i>	no./total	13/24	13/24	22/24	22/24	22/24
Result indicator 1.1.2: <i>Average budget/time overrun in implementing investment projects</i>	%	10%	10%	10%	7%	5%
Program 1.2: Management of public debt						
Result indicator 1.2.1: <i>Ratio of debt in the national currency of the total public governmental debt due;</i>	%	45% (minimum) - 60%	45% (minimum) - 60%	45% (minimum) - 60%	45% (minimum) - 60%	45% (minimum) - 60%
Result indicator 1.2.2: <i>Ratio of debt in EURO of the total governmental debt in foreign currency;</i>	%	80% (minimum) - 95%	80% (minimum) - 95%	80% (minimum) - 95%	80% (minimum) - 95%	80% (minimum) - 95%
Result indicator 1.2.3: <i>Remaining mean maturity of the governmental public debt.</i>	years	6 years (minimum) - 7 years	6 years (minimum) - 7 years	6 years (minimum) - 7 years	6 years (minimum) - 7 years	6 years (minimum) - 7 years

Program 1.3: Policy in the field of public procurement						
Result indicator 1.3.1: Number of participants to training activities regarding public procurement	no.	0	0	1460	1550	1090
Result indicator 1.3.2: Number of analyses, methodologies, operation guides and instruments developed as to support the unitary approach in the field of public procurement.	no.	0	8	1	10	10
Result indicator 1.3.3: The number of public policy documents elaborated in the field of strategic procurement	no.	0	1	0	1	1
Result indicator 1.3.4: The share of complaints lodged with the procedures initiated in the SEAP	%	10%	9%	8%	7%	6%
Result indicator 1.3.5: The share of complaints admitted for the lodged complaints	%	33%	31%	29%	27%	26%
Strategic objective 2: Effective administration of public income						
Impact indicator no. 2.1: <i>Volume of fiscal income administered by ANAF, achieved annually vs planned</i>	%	99.9	100	100	100	100
Impact indicator no. 2.2: <i>The ratio of income in the GDP (including social contributions)</i>	%	25.8	27.5	27.5	27.5	28.0
Program 2.1: Administration of public income						
Result indicator 2.1.1: The degree of voluntary compliance to declaring		94.4%	96.5%	96.5%	96.5%	96.5%
The degree of voluntary compliance to payment of tax liabilities	%	86.4%	87.0%	87.5%	88.0%	88.5%
The degree of collection of recoverable arrears	%	71.4%	71.5%	72.0%	72.5%	72.5%
Result indicator 2.1.2: Fiscal gap to:						
- Corporate tax	%					
- Income tax	%					
- VAT	%					
<u>Obs.</u> ANAF develops its analysis and measurement capacity of fiscal gaps. The first data shall be published as of 2019.						
Result indicator 2.1.3 / Degree of achieving scheduled fiscal income	%	99.9%	100%	100%	100%	100%
Result indicator 2.1.4: Mean time necessary for preparing, declaring and payment of tax liabilities	hours/year	163	163	163	163	163

Strategic objective 3: Consolidation of the institutional framework						
Impact indicator no. 3.1: <i>Confidence, at internal and external level, in the MPF institution and its actions</i>	%	-	-	80%	85%	90%
Impact indicator no. 3.2: <i>Absorption rate of funds dedicated to the development of the fiscal-budgetary sector (% of MPF budget)</i>	%	50%	50%	60%	60%	70%
Impact indicator no. 3.3: <i>Degree of computerized processes and procedures at the level of the MPF</i>	%	60%	60%	65%	65%	70%
Program 3.1: Management and administration						
Result indicator 3.1.1 - <i>Number of annual amendments in the functional structure; Index of percentage of employees in the public sector, working in institutions/structures with functional tasks in the public finances sector</i>	No./year %	6 2.20%	4 2.10%	4 2.05%	4 2.03%	4 2%
Result indicator 3.1.2 - <i>Degree of compliance of legislative requirements policy elaboration processes;</i>	%	80%	85%	95%	95%	100%
Result indicator 3.1.3 - <i>Percentage of operational expenses from MPF's total annual budget</i> <i>Expenses per employee</i>	% Lei/employee	60% 90,000	60% 106,000	60% 132,500	60% 165,625	60% 207,000
Program 3.2: Budgetary, financial and fiscal information systems						
Result indicator 3.2.1 - <i>Availability of financial systems (down time)</i>	hours/24	24/24	24/24	24/24	24/24	24/24
Result indicator 3.2.2 - <i>Degree of integration of the budgetary, financial and fiscal informational systems</i>	%	20%	25%	30%	40%	50%

ANNEX 3: PROGRAMS AND CONNECTED MEASURES (SUMMARY TABLE)

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
Program 1.1 - Fiscal-budgetary Policy					
(1.1.1): Ensuring a more transparent budgetary process, based on evidence and result-oriented					
<p>1.1.1.1. Preparing the Fiscal-budgetary strategy - continuation</p> <p><i>The measure refers to the elaboration of the Fiscal-budgetary Strategy (SFB), which represents the Government's medium-term budgetary plans, and which is updated each year in July. This implies the formulation of the primary budgetary parameters and associated budgetary policies, according to rules established under the Fiscal Liability Law (LRF); and the elaboration of a Medium-term Expenses Framework (CCTM), which establishes the priorities for the expenses and expenses caps over the following three years, for the primary budget holders. It is estimated that, gradually, the SFB shall bring the priorities of budgetary allocation policies closer together. Simultaneously, the macroeconomic and budgetary parameters should offer clear guidelines for the elaboration of the budget for the following year. The primary budget holders shall have to explain the deviations within the SFB. As such, it is expected that this measure plays a key role in the entire budgetary process.</i></p>	The SFB designed and approved according to the legal chart N	D	D	D	D
<p>1.1.1.2. Preparing annual budgetary laws and rectification laws - continuation</p> <p><i>The measure proposes to deliver the annual budgetary laws and respectively the rectifications, in accordance with the legislation in force. The measure includes establishing the aggregated allocation, at the level of different functions and organizations within the administration; compiling, revising and reconciling the budget requests from the ministries and preparing the budgetary documentation imposed by law.</i></p>	Number of draft laws per year (2 budgetary laws and ≤ 2 rectifications x 2 budgetary laws)	2	2	2	2
<p>1.1.1.3. Development of the budgeting system by programs - new</p> <p><i>The measure aims at improving expense prioritization and orientating public expenses toward results, by introducing a program-based budgeting system.</i></p>	Functional program-based budgeting system N	N	N	N	D
<p>1.1.1.4. Planning & implementation of spending analyses - continuation</p> <p><i>The measure seeks to improve the prioritization process, the efficiency and effectiveness of public spending, and focuses on the planning, elaboration, and implementation of the results of spending analyses, in order to identify the inefficient areas and programmes and elaborate action plans for them.</i></p>	Manual on the analysis and rendering more				

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
<p><i>Under this category fall the following: (i) defining the procedures for the spending analyses, issuing guidelines for the teams involved; (ii) coordinating the process of revision and monitoring of public spending; (iii) performance of sector analyses together with the line ministries; (iv) proposal of measures which would lead to obtaining savings and/or increasing the efficiency of public spending. The measure presupposes the integration of the public spending analysis process in the system of public financial management through amendment of the existing legal framework, respectively of the provisions of Law no. 500/2002 on public finance and of the Law on fiscal and budgetary responsibility no. 69/2010 and involves different types of comprehensive spending analyses, including analyses of the programmes and processes of the primary budget holders.</i></p> <p><i>* number of analyses will be established yearly through a memorandum approved by the Government</i></p>	efficient of public spending elaborated Y/N	Y	N	N	N
	Internal procedures elaborated Y/N	Y	N	N	N
	Legal framework amended Y/N	Y	N	N	N
	Number of spending analyses per year established through Government Memorandum (indicative)	2*	2*	2*	2*
(1.1.2): Improvement of significant public investments management processes (selection, prioritization, budgeting and procurement, independent assessment)					
<p>1.1.2.1. Analysis of the sustainability and affordability and assessment of the degree of preparation of significant public investment projects - continuation</p> <p><i>The measure aims at the following:</i></p> <p><i>a. ensuring that the relevant and realistic public investment project proposals reach the implementation phase. This involves the analysis of prefeasibility studies and of the substantiation notes, from the point of view of the project's sustainability and supportability, with the purpose of approving or rejecting the proposal for its passing to the elaboration of the feasibility study;</i></p> <p><i>Note: * The number of projects is according to the value, type and classification by the OPC of the investment projects proposed for promotion and performance, in accordance with the legislation in force.</i></p>	Number of projects analyzed, assessed per year	15	-	-	-
	% approved projects of the total number of projects submitted by the OPC	100%	100%	100%	100%

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
b. <i>ensuring that only those public investment projects considered being prepared as a result of the assessment of their degree of preparation shall be considered for funding. This involves the application of prioritization criteria and obtaining a minimum score according to legal provisions in force.</i>					
1.1.2.2. Analysis and verification of the observance by the primary budget holders of the methodological requirements regarding the elaboration of significant public investment projects in the process of prioritization and elaboration of the list of prioritized significant public investment projects - continuation <i>The measure regarding the analysis of lists of prioritized significant public investment projects aims at increasing the capital expenses allocation efficiency and refers to the prioritization of significant public investment projects, in relation to the national and sector policies and with the existent fiscal space. This involves verifying the lists of prioritized significant public investment projects proposed by the primary budget holders and elaborating a Memorandum which is to be approved by the Government.</i>	List of prioritized significant public investment projects elaborated in accordance with the legal chart Memorandum elaboration	Y Y	Y Y	Y Y	Y Y
1.1.2.3. Analysis and verification of the manner of reflection of the prioritization results in the annual budgets of the primary budget holders	Analysis elaboration	Y	Y	Y	Y
1.1.2.4. Monitoring, based on the progress and result indicators, the stage of implementation of significant public investment projects – continuance <i>The measure refers to the assessment of the stage of implementation and, in the end, of the results of significant public investment projects.</i>	Number of projects monitored every year	136	-	-	-
1.1.2.5. Development of capacities to manage PPP - new <i>The measure aims to offer guidelines and technical support for the creation and implementation of public-private partnership (PPP). Initially, the measure concentrates on the creation of certain adequate structures, procedures and regulations, as to ensure that only the best PPP options are selected, which offer sufficient efficiency gains as to compensate for the additional funding costs associated to private funding and the constraints created by long-term contracting. Under this category, fall the following: (i) creation of a “gateway for PPPs” which, given the significant amount of budgetary risks associated to PPPs, gives the MPF the responsibility of assessing the PPP projects throughout their entire lifetime, offering explicit approvals at certain stage points; (ii) defining certain specific rules for the budgeting of PPP projects, given their long-term character and the lack of payments to the state during the first</i>	Number of assessed PPPs	-	-	3	6

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
<i>years; (iii) ensuring the transparent disclosure of the PPPs' budgetary commitments, it being guaranteed that the budgetary risks and costs throughout the contract's validity period are reported integrally; and (iv) continuous management of budgetary risks associated to PPPs, under close relation with the line ministries.</i>					
<p>1.1.2.6. Pilot-exercise regarding testing the rationalization mechanism of the Ministry of Transport's Public Investments Program, mechanism proposed by the World Bank - continuance</p> <p><i>This exercise proposes to test the rationalization mechanism proposed by the World Bank, in collaboration with the Ministry of Transport. Three main criteria and associated reference elements shall be used, as to identify the projects with the weakest results and to introduce them into the rationalization program: (i) since when it has been undergoing implementation; (ii) period of time necessary as to finalize it, at the current funding level; and (iii) degree of inactivity. The projects which reach or exceed at least two of the reference points of these criteria, and all projects classified as inactive, shall be automatically considered for inclusion into the rationalization program. The projects identified as not having good results shall be transferred to a "resolution" category, separate from the primary PIP, where the status of projects perceived as being performant shall be resolved. A resolution strategy shall be elaborated for all these projects, with three options which may be considered: (i) immediate closure; (ii) project restructuring/resizing for early finalization, with limited costs; (iii) reassessment of the project as to reintroduce it in the investment program for continuation until complete finalization, according to the current design and specifications.</i></p>	Finalized testing process report	Y	N	N	N
	No. of analyzed projects	123	-	-	-
	Number of projects proposed to be moved to the resolution facility	-	-	-	-
(1.2.) Management of public debt					
<p>1.2.1. Contracting the public governmental debt - continuation</p> <p><i>The measure aims at attracting and ensuring the necessary funding, by contracting the governmental public debt under the most favorable conditions for the Romanian Government, using various funding instruments and carefully analyzing the contractual characteristics (loan coast, interest rates, bank fees etc.) under the conditions of limiting risks associated to the debt portfolio. In this context, the contracting, management and supervision of the governmental public debt is also considered, debt contracted from international financial institutions/ international development/cooperation banks for the funding of the state budget deficit and refunding the public debt, as well as funding the priority projects for Romania's economy.</i></p>	Gross funding necessary RON 70,773.2 million	RON 72,620.5 million	RON 72,492.0 million	RON 71,416.5 million	RON 77,003.8 million

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
<p>1.2.2. Limiting governmental public risks - continuation</p> <p><i>The measure proposes to reduce the risks associated to the governmental public debt portfolio, continuously monitoring the indicators regarding market risks, foreign currency risks, re-funding risks, risks associated to the interest rate and liquidity risks and offering guidelines with regards to the necessary actions as to reduce these risks. This objective is analyzed within the Strategy for the administration of the governmental public debt, within which specific financial measures and instruments as to limit the risks are proposed, of which we also mention secondary market operations (early redemption or exchange) for reducing the re-funding or medium-term risk, after having created the procedural, technical and operational framework, derived financial instruments (currency swap and per interest rate). The risk indicators are monitored monthly by means of the bulletin regarding the governmental public debt. The measures and instruments considered as to limit the described risks are included within the risk management strategy, which constitutes a part of the governmental public strategy, which is revised annually.</i></p>	<p><i>For the administration of the foreign currency risk:</i></p> <p>The ratio of the debt in the national currency of the total governmental public debt (48.6% - 31.12.2018)</p> <p>The ratio of the debt in EUR of the total debt in foreign currency (82.2% - 31.12.2018)</p> <p><i>For the administration of the re-funding risk:</i></p> <p>- Weight of outstanding debt, in national currency, within 1 year (17%)</p> <p>- Weight of total outstanding debt</p>	<p>45% (min) - 60%</p> <p>80% (min) - 95%</p> <p>15%-25% (max)</p> <p>10% -20% (max)</p>	<p>45% (min) - 60%</p> <p>80% (min) - 95%</p> <p>15%-25% (max)</p> <p>10% - 20% (max)</p>	<p>45% (min) - 60%</p> <p>80% (min) - 95%</p> <p>15%-25% (max)</p> <p>10% - 20% (max)</p>	<p>45% (min) - 60%</p> <p>80% (min) - 95%</p> <p>15%-25% (max)</p> <p>10% - 20% (max)</p>

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
	<p>within 1 year (14% - 31.12.2018)</p> <p>- Mean maturity remaining for the debt in the national currency (4 years - 31.12.2018)</p> <p>- Mean maturity remaining for the total debt (6.3 years – 31.12.2018)</p> <p>- Maintaining a financial reserve in foreign currency at a comfortable level, so as to diminish the risks associated to the periods of time characterized by a high volatility on the financial markets (no. months)</p> <p><i>For the administration of the interest rate risk:</i></p> <p>- Weight of debt in the national</p>	<p>10% - 20% (max)</p> <p>3.5 years (min) – 5 years</p> <p>6 years (min) – 7 years</p> <p>Covering gross financial necessities over a period of 4 months</p>	<p>10% - 20% (max)</p> <p>3.5 years (min) – 5 years</p> <p>6 years (min) – 7 years</p> <p>Covering gross financial necessities over a period of 4 months</p> <p>15%-25% (max)</p>	<p>10% - 20% (max)</p> <p>3.5 years (min) – 5 years</p> <p>6 years (min) – 7 years</p> <p>Covering gross financial necessities over a period of 4 months</p> <p>15%-25% (max)</p>	<p>3.5 years (min) – 5 years</p> <p>6 years (min) – 7 years</p> <p>Covering gross financial necessities over a period of 4 months</p> <p>15%-25% (max)</p>

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
	<p>currency which changes its interest rare within a year (16% - 31.12.2018)</p> <p>- Weight of the total debt which changes its interest rare within a year (17% - 31.12.2018)</p> <p>- Mean period until the following modification of the interest rate for the national currency (4 years – 31.12.2018)</p> <p>- Mean period until the following modification of the interest rate for the total debt (6.3 years – 31.12.2018)</p>	<p>15%-25% (max)</p> <p>10% - 20% (max)</p> <p>3.5 years (min) – 5 years</p> <p>6 years (min)– 7.0 years</p>	<p>10% - 20% (max)</p> <p>3.5 years (min) – 5 years</p> <p>6 years (min)– 7.0 years</p>	<p>10% - 20% (max)</p> <p>3.5 years (min) – 5 years</p> <p>6 years (min)– 7.0 years</p>	<p>10% - 20% (max)</p> <p>3.5 years (min) – 5 years</p> <p>6 years (min)– 7.0 years</p>
<p>1.1.3. Supervision of the governmental public debt - continuation</p> <p><i>This measure aims at ensuring that both the level and the increase rate of the public debt are sustainable, ensuring the proper registration of the contracted debt, continuously analyzing the public debt portfolio and offering information so that the funding and the structure of the portfolio of the debt be in close coordination with the monetary and budgetary policy. The primary products of this measure shall be the annual bulletin regarding the public debt for supervision and the governmental public debt management strategy.</i></p>	<p>Reporting the public debts on the MPF's site according to the national legislation and according to EU methodology</p> <p>Monthly</p>	<p>Monthly</p>	<p>Monthly</p>	<p>Monthly</p>	<p>Monthly</p>

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
Program 1.3: Policy in the field of public procurement					
<p>1.3.1. Increasing ANAP's administrative capacity and that of public institutions responsible for implementing SNAP (POCA project)</p> <p><i>The measure proposes to lead, through a series of actions, to the increase of transparency and accountability of the public procurement system in order to apply the norms and procedures in a unitary manner.</i></p>	<p>The number of performance indicators of the national public procurement system extracted from SEAP and published on the website of ANAP - 24</p>	26	28	30	32
	<p>Average duration of the award process, from the first transmission in SEAP of the award documentation to the award of the agreement/conclusion of the framework agreement Duration of the procurement process – 95 days</p>	93	92	90	90
	<p>Average no. of tenders submitted per procedure – 4 tenders</p>	4.5	5	5.5	6

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
	The share of complaints lodged with the procedures initiated in the SEAP 10%	9%	8%	7%	6%
	Share of complaints admitted for lodged complaints 33%	31%	29%	27%	6%
1.3.2. Developing professional development of the personnel involved in public procurement <i>The measure seeks the approval of a public policy document to outline the lines of action that ANAP and a series of responsible institutions will implement in order to increase professionalization within the system</i>	Number of public policy documents regarding professionalization elaborated and approved 0	1¹⁰	1¹¹	0	0
1.3.3. Elaboration and approval of public policy documents regarding strategic procurement <i>The measure aims at approving certain public policy documents that would transpose the European Union Strategy in the field of public procurement</i>	No. of public policy documents elaborated and approved 0	0	1	0	1
1.3.4 Elaboration of the supporting documents necessary for the performance of efficient public procurement	Number of award documentation	0	4	4	2

¹⁰ In 2018 was elaborated the public policy document „2019-2023 Plan on professionalization in the field of public procurement”

¹¹ In December 2019 it is estimated the approval of the „2019-2023 Plan on professionalization in the field of public procurement”

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
<i>The measure aims to substantiate the decisions taken in the planning phase of centralized award procedures</i>	prepared considering the issues presented in the elaborated guide				
1.3.5 Developing an integrated system for collecting and centralizing data regarding the centralized public procurement process, including the monitoring of centralized procurement	The degree of use of electronic means for collecting users' needs	40%	60%	100%	100%
<i>The measure aims to increase the transparency and visibility of centralized procurement, as well as the automation of the activities carried out by O.N.A.C personnel..</i>	The degree of use of electronic means for monitoring centralized framework agreements	-	-	40%	100%
1.3.6 Professionalization of personnel in the field of centralized procurement	Proportion of ONAC employees - members in evaluation committees who have been trained in centralized procurement	-	50%	80%	100%
<i>The measure aims to strengthen staff knowledge in the field of centralized procurement, as well as in the field of product / service categories to be centrally procured.</i>					
Program 2.1 Administration of public income					
(2.1.1): Increasing the efficiency of collection and voluntary compliance					
2.1.1.1. Processing fiscal statements - continuation	Percentage of fiscal forms processes automatically				
<i>The measure refers to an ANAF essential and continuous activity, with a significant impact upon the increase of collection efficiency and voluntary compliance - it is a key element of the entire system. The quality of processing of fiscal forms is an important factor in improving the collection system and its permanent perfecting is very important. This implies, first of all, improving the</i>					

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
<p>computerization/automation of fiscal forms processing - which shall reduce costs both for ANAF, and especially for the taxpayers.</p> <p>There is no information with regards to this indicator</p>					
<p>2.1.1.2. Foreclosure - continuation</p> <p>The measure refers to the ensemble of foreclosure regulations and procedures and represents a key element of the collection system. The manner in which the foreclosure system functions is essential for the equity of the entire collection process and creates powerful incentives for payment voluntary compliance, in particular.</p>	<p>Number of foreclosure procedures finalized per year</p> <p>Approx..500</p>	1,008	1,108	1,110	1,160
<p>2.1.1.3. Taxpayer guidance and assistance system</p> <p>The measure refers to the ensemble of services offered to taxpayers, natural persons and legal entities, facilitating the fulfillment of obligations attributed to them in relation to the state budget, respectively fiscal liabilities of declaring and payment. The scope of the guidance and assistance activity also incorporate fees, taxes, social contributions and other budgetary income managed by ANAF. Offering this service contributes to the increase of the taxpayers' degree of voluntary compliance.</p> <p>Obs. Indicators were established by types of channels of offering of taxpayer assistance services</p> <p>The targets proposed for 2018 for the 3 indicators: <i>Percentage of the requests on paper settled within at most 25 days, Percentage of emails settled within at most 20 days, Percentage of phone calls answered, taken within at most 6 minutes</i>, were of still 60%. Thus, the targets achieved for year 2018, namely (97.5%, 96.8%, 100%) were exceeded relative to the established targets.</p>	<p>Number of presences at the seats of the tax units</p> <p>386,070</p> <p>Percentage of the requests on paper settled within at most 25 days *</p> <p>97.5% (60% - target set for 2018)</p> <p>Percentage of emails settled within at most 20 days *</p> <p>96.8% (60% - target set for 2018)</p>	<p>No targets can be set for presence at the seat</p> <p>60%</p> <p>60%</p>	<p>No targets can be set for presence at the seat</p>	<p>No targets can be set for presence at the seat</p>	<p>No targets can be set for presence at the seat</p>

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
<p>Comment*</p> <p>The line management system (LMS) is partially implemented and applies only to certain tax units. The complete implementation will be finalized in 2020.</p>	Percentage of phone calls answered, taken within at most 6 minutes*	60%			
	100% (60% - target set for 2018)				
	Number of meetings with the taxpayers where participants were present:	504 meetings organized			
	No. of meetings 1,273 No. of participants: 24,062	10,000 participants	No target can be set	No target can be set	No target can be set
	Number of persons – Impact of assistance sessions carried out on the social media network				
	1,458,354				
	The line management system is not implemented*				

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
<p>2.1.1.4. Consolidation of the activity of settlement of challenges</p> <p><i>The measure aims at the sustained development of the procedure through which the taxpayers exert their right to challenge the fiscal taxation. The procedure must be known and understood by taxpayers, accessible, transparent and independent. The reduction of challenges settlement terms is very important.</i></p> <p>*Comment (acc. to letter of DGSC no. A-SLP 1209/15.05.2019)</p> <ul style="list-style-type: none"> ✓ For the indicator <i>Number of appeals settled per year</i>, we mention that, on the one hand, the appeal against the administrative document represents a right of the taxpayer which cannot be limited in any way, and, on the other hand, the appeal settlement body cannot estimate the number of administrative-fiscal documents likely to be challenged which can be issued in the following period by the competent bodies; ✓ For the indicator <i>Average duration of settlement of an appeal field at the end of the year</i>, we mention that according to the Tax Procedure Code the maximum settlement term for an appeal is of 6 months, but the duration of the actual settlement depends on may factors, for example: <ul style="list-style-type: none"> - <i>The complexity of the appeal file</i> - <i>The workload of the civil servant in charge with settling the appeal</i> - <i>The quality of the appealed administrative-fiscal document which influences the actions that shall be taken to clarify the fiscal state of affairs</i> - <i>The arguments and documents presented by the appellants</i> <p>For the indicator <i>Share of amounts corresponding to the solutions of admission of appeals and annulment of the appealed administrative-fiscal documents</i>, we mention that the solutions in the appeal file are delivered in accordance with the arguments and documents invoked/submitted by the appellants, the national/European case-law, the quality of the appealed administrative-fiscal documents, etc., so that the appeal settlement body cannot estimate the amount of fiscal liabilities that shall be admitted/annulled in the cases subject to settlement.</p>	<p>Number of appeals settled per year 9,050</p> <p>Average duration of settlement of an appeal field at the end of the year, (days) 87.3</p> <p>Share of amounts corresponding to the solutions of admission of appeals and annulment of the appealed administrative-fiscal documents (value) 13.8% of the total amounts settled on the merits (761,518,985 Lei)</p>	<p>Cannot be estimated *</p> <p>Cannot be estimated *</p> <p>Cannot be estimated *</p>	<p>Cannot be estimated *</p> <p>Cannot be estimated</p> <p>Cannot be estimated *</p>	<p>Cannot be estimated *</p> <p>Cannot be estimated</p> <p>Cannot be estimated *</p>	<p>Cannot be estimated *</p> <p>Cannot be estimated</p> <p>Cannot be estimated *</p>
<p>2.1.1.5. Promoting transparency in fiscal administration</p> <p><i>The measure refers to the ensemble of activities for the increase of transparency in fiscal administration - including the elaboration and implementation of a specific strategy. Applying any of the strategies requires adequate mechanisms as to ensure a constant monitoring of achievements and prompt</i></p>	<p>Number of published regulations</p>				

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
<p><i>measures in order to approach deficiencies. This may be achieved by means of manner of working adopted by the entire management, which should be structured and disciplined.</i></p> <p>There is no information with regards to these indicators.</p>	Number of on-location visitors				
<p>2.1.1.6. Introducing a new concept of services for taxpayers - new</p> <p><i>The measure focuses on developing and offering certain targeted services for certain segments of taxpayers. Introducing a new concept of services for taxpayers implies orienting services offered by ANAF toward taxpayers, encouraging them to use services channels and adequate services and rendering the services channels efficient as to reduce costs and increase the taxpayers' degree of voluntary compliance. The modern fiscal administrations are aware of the fact that a good service encourages compliance and reduces the taxpayers' costs. These focus on simplifying operations conducted by taxpayers and on measuring success in this respect.</i></p> <p><u>Obs.*</u></p> <ul style="list-style-type: none"> • The implementation of a new concept does not refer to what is written in the indicator • The development of new services does not mean the implementation of a new concept • The indicator <i>No. of quick wins (QW) projects finalized</i> was established, which is in progress in the ANAF. 	<p>Number of fast benefit projects completed, and which are in progress in the ANAF*</p> <p>12</p>				
<p>2.1.1.7. Reducing the complexity of the administrative framework and encouraging electronic declarations - new</p> <p><i>The measure refers to supporting and promoting the use of the on-line environment, supports the improvement of the fiscal administration's activity by involving and consulting taxpayers which become active participants to the decision mechanisms as to reduce compliance costs</i></p>	<p>Number of processed electronic statements (millions)</p> <p>15.4</p> <p>Number of taxpayers enrolled in the Private Virtual Space</p> <p>364,389 taxpayers:</p>				

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
	- 264,042 legal entities -100,347 natural persons				
2.1.1.8. Making more flexible the method of account garnishment - new <i>The measure refers to improving, as in increasing flexibility, of garnishment procedures in the case of taxpayers which are under foreclosure, so that the blocked amount does not exceed the debt due to ANAF. The measure shall be implemented by the Ministry of Public Finances - National Center of Financial Information, together with ANAF and the credit institutions.</i>	Adopted and implemented procedures and regulations 3 documents (2 normative acts and 1 collaboration protocol concluded between ANAF, ARB and the credit institutions)	2 documents (1 normative act and 1 additional document to the collaboration protocol concluded between ANAF, ARB and the credit institutions)	-	-	-
(2.1.2): Reduction of tax evasion and tax fraud					
2.1.2.1. Fiscal controls, of which controls in the field of on-line trading - <i>The measure refers to the fiscal controls and investigations within a certain field - on-line trading. Due to the field's specificity, there is need to increase the number of anti-fraud inspectors, of the inspectors professional training, their specialty and their endowment with the necessary technical equipment</i>	Total number of performed fiscal controls, of which in the field of on-line trading 40,952 fiscal controls performed	10,058 fiscal controls performed in January – March 2019, at	-	-	-

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
	at legal entities and natural persons, of which: 61 controls at taxpayers operating in on-line trading	legal entities and natural persons, of which: 18 controls at taxpayers operating in on-line trading			
<p>2.1.2.2. Customs supervision and control in the fight against illegal trafficking as to protect the national and community customs territory - continuation</p> <p><i>This measure, supported by the mobile teams in the free movement areas, on European transportation routes and corridors, ensure the European Union's external frontier' security and safety against illegal trafficking of goods and fights against tax evasion with excisable products. The revision of the legislative framework regarding the manner of supervising intra-community economic operations, as to identify the traceability of goods and real beneficiaries.</i></p> <p><i>At the same time, this measure also concerns the supervision of the intra-Community economic operations, activity carried out by the DG Antifraud Fiscal within ANAF (under GEO no. 74/2013 on some measures to improve and reorganize the activity of the National Tax Administration Agency, as well as to modify and supplement some legislation).</i></p>	<p>Number of illegal traffic events processed per year</p> <p>4 operational actions of participation to customs operations carried out at international level land coordinated at national level by the customs structure</p>	<p>≥ 2018</p>	<p>≥ 2019</p>	<p>≥ 2020</p>	<p>≥ 2021</p>
	Number of events of illegal traffic processed per year/quantity of	≥ 2018	≥ 2019	≥ 2020	≥ 2021

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
<p><u>Obs.</u> In 2018 the non-destructive control equipment did not have legal use authorization as a result of the interruption of the maintenance agreement. Currently, there are no data we can use in the assessment and forecasting of current and future actions, this fact being due to the temporary inoperability of the equipment in question. But measures have been taken in order to ensure the functionality of the equipment within normal parameters and when this is achieved, we can introduce the indicator's data and we will be able to estimate future achievements.</p>	alcohol seized/withheld 7,724/4,231 liters of pure alcohol				
	Number of events of illegal traffic processed per year/quantity of cigarettes seized 7,246/6,943,925 cigarettes	≥ 2018	≥ 2019	≥ 2020	≥ 2021
	Number of events of illegal traffic processed per year/quantity of energy products seized	≥ 2018	≥ 2019	≥ 2020	≥ 2021
	2,952/8.97 tons				
	No. of events with use of nondestructive control equipment/quantity of goods seized/withheld	0	-	-	-
2.1.2.3. Improvement of the methodological and procedural framework necessary for the reduction of the under-statement of taxes, fees and contributions	The number of projected, approved				

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
<p><i>The measure refers to all activities of fiscal administration and, in particular, the risk management within the fiscal control activity. Currently, fiscal controls are programmed and performed in the case of those taxpayers who present the highest compliance fiscal risk. Improving risk analysis shall allow for the more efficient use of material and human resources; reduction of the duration of performing the fiscal inspection; increasing the number of programed inspections based on risk analysis; identification of new areas and field of fiscal risk.</i></p>	<p>and implemented procedures and methodologies</p> <p>3</p> <p>Amounts additionally established as a result of fiscal inspections</p> <p>RON 294.3 million (natural persons); RON 5,702.2 million (legal entities)</p> <p>Ratio of amounts associated to approved or abolished challenged documents within the total amounts established additionally (value)</p> <p>2.7% natural persons contributions</p>	<p>In January-March 2019 were established:</p> <p>RON 74.5 million (natural persons); RON 1,353.5 million (legal entities)</p> <p>In January-March 2019:</p> <p>3.2% natural</p>	-	-	-

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
	5.5% legal entities contributions	persons contributions 11.1% legal entities contributions			
(2.1.3) Increasing the efficiency of fiscal and customs administration:					
<p>2.1.3.1. Consolidation of the structure for large taxpayers - new</p> <p><i>The measure aims at consolidating the General Directorate for the Administration of Large Taxpayers, including by changing the criteria based on which taxpayers are included within it, by developing the competences of its personnel by means of training, including exchange programs with other advanced fiscal administrations; creating a risk management unit within the General Directorate for the Administration of Large Taxpayers; proposing to amend specific legislation and other relevant regulations and instructions, so that ANAF may have mandate which is sufficiently vast as to allow the prioritization of compliance efforts in order to concentrate on the highest risks; and offering competitive salaries in the field, for managers and key personnel within the General Directorate for the Administration of Large Taxpayers</i></p>	Number of personnel associated to the General Directorate for the Administration of Large Taxpayers 548	575	575	575	575
<p>2.1.3.2. Improving governance and consolidation of collection efficiency (especially VAT and pension contributions) - new</p> <p><i>The measure refers to a key element: increasing collection of two key revenues to the state general consolidated budget. The current difference between the collection potential and the actual collection level is very high - it places Romania last in the EU, for example, when it comes to VAT. This implies improving regulations and procedures in the field, of territory institutional structures, of the direct management of the process. Concurrently, maintaining the collection costs under control is also necessary.</i></p>	Reduction of collection gap for VAT and pension contributions (days) 60	50	50	50	40

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
Program 3.1: Management and administration					
(3.1.1) Improvement of the MPF's structural and functional stability and that of its structures:					
<i>Institutional modernization; increasing efficiency; improving the institutional processes and procedures</i>					
<p>3.1.1.1. Revising the organizational responsibilities and procedures for improving strategy formulation and a more efficient implementation of the ISP</p> <p><i>The measure aims at ensuring that a clear leadership in the formulation of fiscal-budgetary policies is established (with contributions from technical departments), that all planning, support, budgeting, monitoring processes and assessment procedures exist. For this, the structure, functions and responsibilities within the MPF shall be revised and reflected in an adequate manner within the Organization and Functioning Regulation (OFR). The intentions are that all planning and budgeting processes, those of plan implementation, as well as the monitoring and assessment procedures be applied as to obtain targeted results (100% application at a high-quality level), throughout the strategic plan implementation period.</i></p>	<p>Modified flow chart and OFR D /N N</p>	N	N	N	D
<p>3.1.1.2. Promoting organizational development</p> <p><i>The measure aims at ensuring the continuous adaption of the organizational structure and of MPF's institutional arrangements and those of subordinate institutions, as to reflect the ongoing reforms within the public finances management, as well as the reforms established in accordance with the governmental strategies and as response to the changes within the MPF's external environment, own apparatus and subordinate institutions.</i></p>	<p>Modified flow chart and OFR D /N N</p>	N	D	D	D
<p>3.1.1.3. Development of the ICT structure for MPF internal processes</p> <p><i>The measure's purpose is to ensure the automation (computerization) of institutional processes and procedures for the integrated management of the MPF's resources, for the integrated management of documents, work flows, information and relations with public policy beneficiaries, with collaborating institutions and citizens, by means of the integrated management of information and statistical reports. The measure is oriented toward the ministry, its subordinate institutions and their personnel, which shall use the information technology within their daily activities. Subsequent to the implementation of the measure, it is estimated that at least 10% of the ministry's processes and procedures shall be automated between 2017 and 2020, and 50% of the ministry's employees shall use IT systems during the same period of time</i></p>	<p>Computerized processes and procedures at the level of the ministry % 10%</p> <p>Employees using IT systems % 80%</p>	20%	25%	30%	40%
		85%	90%	95%	98%

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
Human resources development					
<p>3.1.1.4. Management of human resources and adapting to the institution's needs</p> <p><i>The measure aims a crucial component of the public administration, in general, that of the specialized personnel which must be attracted, recruited, employed and maintained within the organization in accordance with the ministry's real needs. In this context, covering the need for specialized personnel shall be very important. By means of this measure, it is aimed at improving the activity of human resources structures, as well as of human resources management processes as to maintain the personnel rollover within the MPF's own apparatus at 8.83% in 2019 and to have a degree of the occupation of the personnel establishment of over 83%¹² until the same date, respectively maintaining the personnel fluctuation at 5.96%, at ANAP level in 2018, and the degree of job occupation at 90.78%.</i></p> <ul style="list-style-type: none"> <i>Labor force planning management - ensures the existence of a labor force plan and the optimal use of resources, completely reflecting the current needs of the MPF. This implies an analysis of</i> 	<p>Personnel rollover/fluctuation within the ministry MFP/ANAP/ANAF</p> <p>8.83% /</p> <p>Degree of occupation of personnel establishment</p> <p>83%</p> <p><i>Studies, analyses, reports, projects</i></p> <p>/ 1</p> <p>Number of structures/positions in which the labor force plan was implemented (ANAF, ANAP)0</p>	<p>8,83%/</p> <p>14%</p> <p>83%/</p> <p>72%</p> <p>1</p> <p>1</p>	<p>8,83%/</p> <p>10%</p> <p>83%/</p> <p>72%</p> <p>1</p> <p>3</p>	<p>8,83%/</p> <p>9%</p> <p>83%/</p> <p>85%</p> <p>2</p> <p>0</p>	<p>8,83%/</p> <p>9%</p> <p>83%/</p> <p>90%</p> <p>2</p> <p>0</p>

¹² The organizational structure of a public institution may be influenced by the normative framework by means of which the creation/dismantling of certain public institutions/structures within them is regulated, which leads to the take-over/hand-over of positions/personnel from/to one institution to another. An example in this respect is the creation of the National Center for Financial Information, within the Ministry of Public Finances' own apparatus, by taking over the number of positions and personnel associated to this activity of information and communications technology, from the central apparatus of the National Agency for Fiscal Administration (ANAF), General Directorate for the Administration of Large Taxpayers, National Agency for Public Procurement and from the National Commission of Prognosis, fact which has influenced the ratio between filled positions and the total approved number of filled positions for the MPF's own apparatus, determining a decrease in the degree of position filling.

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
<p><i>MPF positions, their redesign (if needed), assessment of the impact upon the labor force and the elaboration of certain practical implementation plans as to make the adequate adjustments. Furthermore, this measure included the analysis of the correlation between the level of qualifications and the positions' content, as well¹³</i></p> <ul style="list-style-type: none"> <i>Management of recruitment and transfers - ensures the recruitment within the MPF of personnel with the adequate qualifications and characteristics, from the perspective of training, experience and quality which meets the current and future requirements of the organization</i> <i>Labor force management - ensures the conditions in which the promotion and awarding mechanisms are sufficient as to motivate personnel to conduct its activity in efficient manners,</i> 	Guides, procedures, methodological documents or administrative documents / 2	4	5	5	5
	Studies, analyses, reports or administrative documents /1	2	3	3	3
	Guides, procedures, methodological documents, analyses, studies, administrative documents etc. / 2	3	3	3	3
	Number of analyses, reports				

¹³ By SCAP 2014-2020 and SDFP 2016-2020 it is sought to establish a framework of general and specific skills for the occupation of public positions, in agreement with the needs of a results oriented public management and with the mandates and functions of the public institutions. In the own apparatus of the MPF, this measure will be materialized in the implementation of the documentation regarding the elaboration of the specific skill frameworks, made available by A.N.F.P., in accordance with the action plan for implementation of SDFP 2016-2020.

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
<i>thus aiming at better professional results, by respecting ethics and disciplinary measures correctly defined and applied</i>	/4	4	4	4	4
<ul style="list-style-type: none"> <i>Improving personnel performance: The measure aims at ensuring the existence of certain efficient systems which encourage the improvement of personnel performance and which allows identifying those with the best results, but also those with inadequate results, as to develop individual strong points even more and to remediate weak points</i> 	Retention rate of new employees after 12 months (ANAF/ANAF) 97%/83%				
	Developed and implemented involvement/motivation program (ANAP/ANAF) 97%/83%	75%	85%	85%	85%
<ul style="list-style-type: none"> <i>Transformation of HR departments: The measure aims at supporting the HR department which shall aid the creation and institutionalization of an efficient environment in which HR practices allow the use of appropriate individuals, adequately motivated and awarded based on merits, with the right aptitudes and holding the right positions.</i> 	Satisfaction analyses/strategies, instruments (ANAP) 3	No	No	No	Yes
	Percentage of revised and optimized policies and procedures within the field of human resources (ANAP) 30%	2	5	3	3
		40%	70%	100%	100%

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
<p>3.1.1.5 Vocational training and perfecting, learning and expertise for the ministry's specialized personnel</p> <p><i>The measure aims at qualitative development and improvement of personal and professional technical abilities of MPF personnel, so as to ensure that personnel development, especially its training, is encouraged and planned accordingly, delivered and assessed in a manner which shall convince of the fact that the conducted activities integrally satisfy individual requirements, but also those of the organization. The measure's beneficiaries are the MPF employees, which, by participating to training and perfecting/specializing programs, according to the identified needs and the recommendations established within the annual and quarterly assessment process and included in the Annual professional perfecting plan for personnel within MPF structures, shall determine the degree of training by means of specialized courses at the level of the ministry's specialized personnel.</i></p>	<p>Number of professional training/perfecting programs organized</p> <p>550</p>	600	514	530	540
	<p>Number of participants to the organized professional training/perfecting programs</p> <p>18,639</p>	12,700	9,721	13,200	13,220
Measures oriented towards assessment of performance and financial management					
<p>3.1.1.6. MPF Performance Assessment System</p> <p><i>The measure aims at developing and rendering operational a platform aligned with the ministry's strategic objectives and entirely integrated within the MPF's strategic planning and monitoring processes. Even more so, it shall be integrated within the Government's ICT system. The performance assessment framework shall be introduced as to correspond to the need to efficiently monitor the application of ISP and to inform the elaboration of future policies. The complete operationalization shall be monitored throughout ISP's implementation (and not only then) and shall be funded from national budgetary resources.</i></p>	<p>No of times accessed by users</p> <p>-</p>	1000	1500	1800	2000
<p>3.1.1.7. Elaboration of annual and multi-annual budgetary programs for the efficient use of allocated internal and external funds</p> <p><i>The measure aims at strengthening the budgetary discipline especially in the area of identifying the ministry's needs, internal (national) and external (EU) budgetary resources scheduling and the program-based budgetary execution. The measure aims a coordination of expense planning and monitoring actions by means of an adequate informational system, elaboration of the MPF budget by respecting the approved expenses limit and within the term requested by the MPF and monitoring its operative execution. The ministry shall improve its program-based budgeting process, as to be able to monitor the</i></p>	<p>% (degree of) compliance with the annual budgetary scheduling</p> <p>%</p> <p>100%</p>	100%	100%	100%	100%

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
<i>performance of the internal structures and those under its supervision in relation to the degree of compliance with the annual budgetary scheduling.</i>					
3.1.1.8. Modernization and preservation of the MPF infrastructure <i>The measure aims at applying the MPF's multi-annual investment program, respectively inventory of investment needs, analysis, prioritization and budgeting of investment projects, as well as contracting and implementing them according to the plan.</i>	No. of finalized investment projects/Volume of allocated funds for investments/year 3/339,000 Lei	3/ 24,247,000 lei	3 / 1,208,000 lei	-	-
Measures oriented towards transparency and free access to information of public interest and communication/coordination with the interested parties in sector policy					
3.1.1.9. Transparency in the decisional process and in the formulation of public policies and of the legal framework <i>The measure targets the application and reporting in compliance with the ministry's activity's legal procedures with regards to free access to information of public interest - Law no. 544/2001, updated, and Law no. 52/2003 regarding decisional transparency. Transparency is one of MPF's declared values, which support its activity in the elaboration and implementation of public policies and which shall be applied and respected unconditionally and within the implementation of the Institutional Strategic Plan, so as to obtain a maximum degree of compliance (100% compliance for all actions demanding the application of Law no. 544/2001 and Law no. 52/2003) with legal procedures, as well as making available to the public by means of the integral publishing of reports requested by law.</i>	Degree of observance of legal procedures (number of inconsistencies x total procedures/100) 90%	90%	92%	95%	98%
	Reports published in accordance with Law no. 544/2001 No. 1	1	1	1	1
	Reports published based on Law no. 52/2003 No. 1	1	1	1	1

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
	Medium answer time in days 20	20	20	20	20
	Requests regarding access to information No./year 1,289 in 2018 MPF	1,400	1,500	1,800	2,000
	Daily social media mean (Facebook) 21,388 persons in 2018 MPF	22,500	25,000	30,000	40,000
3.1.1.10. Informing the beneficiaries of public policies <i>The measure supports the implementation process of the Institutional Strategic Plan (ISP) and the fulfillment of its indicators, respectively the success of programs specific to the fiscal-budgetary sector (exposed under SO1 and SO2), which depend on the accurate information transfer, without limitations and in a regular manner to the public policy beneficiaries. The ministry and its subordinate structures shall prepare the information corresponding to the approved programs and shall make them available to the public by means of communication means and instruments in a scheduled fashion.</i>	Number of conducted events and information campaigns 24 in 2018	35 (Ro. Presid.)	30	35	40
(3.1.2) Increasing the efficiency of the MPF's policy elaboration, assessment and implementation processes					
3.1.2.1. Operationalization of MPF public policy impact analysis <i>The measure is oriented toward the qualitative content of the elaboration of public policy documents and their impact analyses within the fiscal-budgetary sector. The measure refers to the exact application of the public policy elaboration process by the MPF's specialized personnel and all interested parties involved in the drafting of public policy and impact analysis documents for the fiscal-budgetary sector (other public institutions, professional associations, non-governmental organizations), as to ensure the fact that the drafting of the public policy and impact analysis documents completely respects (100% with</i>	% public policy documents compliant to the procedure approved by the ministry % 80%	80%	85%	85%	90%

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
<i>regards to quality) the procedure approved by the ministry and the international assessment good practices</i>					
<p>3.1.2.2. Consultation with citizens and interested parties involved within the fiscal-budgetary sector, for the formulation and publishing of public policies</p> <p><i>The measure aims at supporting the consultative processes in administration, in general, and, in particular, with regards to the public policies to which MPF contributes. The beneficiaries of the public policy are the citizens, public companies, private companies, non-governmental organizations, and the impact of public policies must be presented to them for consultation and promotion. The MPF shall continue to support the consultation and promotion process of the public policies between ministry specialists and active and implicated participants within the sector (stakeholders), so that all consultations (100%) respect the ministry-approved procedure.</i></p>	<p>No. of policies consulted according to the ministry's procedure (100% compliance) 100%</p>	100%	100%	100%	100%
(3.1.3) Increasing the efficiency of the use of MPF's and its subordinated institutions' operational budget					
<p>3.1.3.1. Development of the analysis, audit and control and risk management capacity</p> <p><i>The measure targets a very important component of the MPF's activity (audit, financial control and risk management) and supports the development of the operational capacity in this field. The beneficiaries of this measure are the directorates, agencies and services, which perform economic-financial inspections/inspections, financial control and internal audit, which requires a risk management elaborated in accordance with internal and international standards and procedures, as well as instruments and means to apply the results of the analyses, audit and control of the implementation method. By applying the measure, the ministry aims at increasing the degree of compliance of the actions of entities controlled with the laws, regulations, internal procedures and risk avoidance standards, and the monitoring plans specific to each financial control, audit and inspection structure be achieved in their entirety.</i></p>	<p>% of compliant activity/specific monitoring plans 95%</p> <p>Degree of compliance with the action plans in the implementation of the formulated recommendations 70%</p>	98%	98%	98%	98%
<p>3.1.3.2. Attraction and use of funds for the development of the administrative and institutional capacity</p> <p><i>The measure aims at using the funding opportunities from the external and extra-budgetary resources (especially FEN - ex.: Administrative Capacity Operational Program etc.), as to develop the ministry and its capacity to elaborate and implement public policies and development programs of the budgetary-fiscal sector. The MPF aims at developing the funding requests capacity at national level and at implementing projects funded from extra budgetary and external funds (predominantly European).</i></p>	<p>Used/allocated funds annually x100 80%</p>	95%	95%	95%	95%

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
<p>3.1.3.3. The effective and efficient functioning of services provided by the ministry</p> <p><i>The measure considers each entity fulfilling its annual objectives established through its own operational plan, so that the degree of activity plan achievement, in accordance with the responsibilities within OFR of each structure, be 100% (planned vs achieved). The measure has as target-group the organizational structures within the ministry and the public institutions under its supervision. Achieving the activity plan (annual operational plan as part of the Managerial internal control system) of each agency, directorate, service or department and reporting the allocated budget, shall determine the degree of achievement of the structure's (organization's) performance indicators, as well as those of each specialist within the sector.</i></p>	% of the annual operational plan's implementation -	-	98%	99%	100%
Program 3.2. Budgetary, financial and fiscal computer systems					
(3.2.1) Maintaining/improving the current financial information system					
<p>3.2.1.1. Maintenance of the existing IT infrastructure</p> <p><i>The measure aims at ensuring that the existing IT infrastructure (hardware and software) continues to function, performing data back-up, installing necessary updates for the IT programs (including Antivirus etc.), replacing the outdated hard equipment etc.</i></p>	No. of functional IT systems at nominal capacity out of the total	8	8	8	8
<p>3.2.1.2 Development of technological and communications platforms</p> <p><i>The measure aims at ensuring the reengineering of the hardware and software infrastructure and takes into consideration the fact that, at the end of the implementation, the computer system should dispose of: all equipment and licenses necessary to function, all architectures and configurations, completely documented procedures, documentations, source-codes, manual, trained personnel for the management and use of the system, all functional services migrated onto a new infrastructure.</i></p> <p><i>A processing and storage capacity greater with at least 50% compared to the existent system shall be ensured, by considering: ensuring mobility, administration of data deposits, management of large unstructured data (big data), ensuring interfacing with other public and private entities, user management (identifying users) and rights of use etc.</i></p>	Replaced existing technologies %	5%	20%	50%	25%
<p>3.2.1.3. Improvement of business-IT linkage mechanisms for PEM</p> <p><i>The measure aims at ensuring the consolidation of the successful functioning of the new IT systems, as to rationalize PEM's activity processes and to develop a data management support function, which is to also</i></p>	Operational risks independent assessment	4	4	4	4

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
<p>include possible improvements to the budgetary classification structure. This includes: performing an independent analysis on the operational risks and the stage, for the current reforms within the project which are ongoing, as to ensure that these are finalized in due time and in a successful manner; creating a CIO office and an organizational architecture group to fulfill the role of IT Governance Committee (ITGC) Secretariat and which is to develop and maintain formal architecture models which connect PEM businesses with IT.</p>	<p>No. Implementation of the activity plan of a functional CIO office %/</p>	100%	100%	100%	100%
<p>3.2.1.4. Improvement of MPF's ICT function The measure aims at consolidating the IT management capacity and the quality systems within the MPF as to bring them to the level of the highest international standards. This includes: the creation of a IT Governance Committee (ITGC) for the entire ministry, with a complete approach and a powerful secretariat function; rationalization of IT management and personnel for the PEM systems; formalization of management arrangements for the MPFs and ANAF's common ICT infrastructure; increasing the performance of ICT specialists; employment of consulting experts for a determined period of time, as to fill in the gaps and to help CNIF management implement the reform program; application of a HR policy for IT, which is to include the necessary specialized personnel, retention of competences and funding strategy; performing a CBIT/ITIL/ITSM assessment and adoption of a quality system for the IT services and management; and the elaboration of long-term strategy for IT.</p>	<p>Implementation of the ITGC action plan %/</p>	100%	100%	100%	100%
<p>3.2.1.5. Implementation of new technologies: The measure aims at going from proprietary technologies to Open-Source technologies, use of Cloud Computing technologies, ensuring the access to information possibilities on mobile devices etc.</p>	<p>No. of systems ported on Open-Source technology No./year</p>	2	3	4	2
<p>3.2.1.6. Support for users, specialized training for the use of MPF's ICT applications destined for the fiscal-budgetary sector The measure offers IT support services for the MPF and its subordinate institutions, and includes offering IT services such as help desk for the MPF personnel, training for users for central applications etc.</p>	<p>No. of resolved tickets/annually No. of courses/students held/year No.</p>	1200 10/200	1800 20/400	1500 20/400	1000 20/400

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
<p>3.2.1.7. Independent approach of the issue of the new Primary Data Center of the MPF: <i>The measure is meant to simplify the issue of finding adequate space and construction conditions, through strict undertaking of the construction of the building for the PDC, without other conditions, like that of building in the same place the new seat of ANAF or the part of offices for the CNIF personnel not involved in the direct management of technical infrastructure (those who must, by their job duties, take direct contact with the equipment and auxiliary equipment).</i></p>	Operational PD Center of MPF	Y	Y	Y	Y
(3.2.2) Developing the public finances hub at national level					
<p>3.2.2.1. Elaboration and approval of the Strategy regarding information technology and communication within the MPF <i>The strategy regarding the Information and Communications Technology shall constitute a basis for achieving objectives within the Institutional Strategic Plan and implicitly for the fulfillment of the mission of the entire MPF organization. The strategy shall keep in mind the application of ICT governance principles regarding coordination based on a unitary strategic vision at the level of the entire organization and its alignment with the overall objectives of the organization and not on segregated projects; it shall follow the unitary approach to elaboration and budgetary execution and income administration processes, conducted at the level of the Ministry of Public Finances and its subordinate institutions; it shall allow for an overall perspective and shall treat in a unitary manner, at the level of the entire MPF organization, the policies and procedures within the managerial internal control system, activities conducted at the level of the MPS, ANAF and in relation to the other public and private entities; shall ensure the prioritization and coordination of decisions regarding the efficient use of financial, material and human resources allocated to the ICT field with the purpose of modernizing and rendering efficient the budgetary and state income administration processes and those of ensuring the quality of ICT services provided to its own users, other public institutions, the business environment and the citizens.</i></p>	Elaborated and approved strategy	N	N	D	H
<p>3.2.2.2. Development of the Public Investments Management System <i>The measure proposes to significantly improve the efficiency and effectiveness of MIP-related information management, by introducing a new IT application which allows (i) keeping a registry of official, comprehensive data regarding investment projects, throughout their entire lifetime, from the moment they enter the preparation stage until they are no longer relevant for the Mgm FP; (ii) maintaining certain sets of initial data and of those from the present for each major data category, as to allow the monitoring of changes and performance; and (iii) imposing a rigorous control with regards to</i></p>	Functional system in proportion of %/	50%	90%	98%	100%

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
<i>the introduction and amendment of data, ensuring that the amendments may be correlated with individual system users; alerting the MIP units when important, authorized amendments of the project files occur; blocking data which does not require amendment as of a certain date and maintaining a registry of authorized amendments, for historic analysis and audit</i>					
<p>3.2.2.3. Optimization of the information system of elaboration of the budget</p> <p><i>The measure aims at improving the computer system as to support this function both within the MPF and within the relevant ministries and their subordinate authorizing officers and as to facilitate the elaboration of a program-based and result-oriented budget.</i></p>	Functional system in proportion of %/	95%	95%	98%	100%
<p>3.2.2.4. Development of an income management system</p> <p><i>The design, procurement, personalization, integration and implementation of an IT applications standard pack, based on the best international practices for the development and implementation of the integrated income management system (IIMS).</i></p> <p>.</p> <p><i>The system must accompany the in-depth reform started within ANAF and implement good practices in ANAF's primary activity areas (registration of taxpayers, declaration, administration, accounting, control based on risk analysis, taxpayer assistance). The measure aims each of the actions which lead to achieving the objectives under program 2.1. Administration of budgetary income.</i></p>	Functional system in proportion of %/	95%	98%	98%	100%
<p>3.2.2.5. Development of "Patrimven"</p> <p><i>Implementing the measure implies the creation of certain mechanisms for the collection, aggregation and availability to citizens, within a common data deposit, of all information regarding own assets registered with the Romanian authorities, taxable income in Romania constituting a part of the taxable mass, accounts opened at banks in Romania, as well as other relevant data taken into account upon establishing fiscal liabilities (such as, for example, social aids granted to natural persons). The citizens shall have direct access through the internet or at the city hall and shall find within a single place, all centralized information regarding held assets and the fiscal liabilities associated to them, regardless if they are managed by the city hall of the locality within which they reside, other local authorities or institutions of the central public administration and shall have direct access by means of the internet or the sole physical contact points instituted at the level of the administrative-territorial units (by means of the PVS). Based on the information, they shall be able to verify and validate, in real time, the information</i></p>	Functional system in proportion of %/	95%	98%	98%	100%

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
<p>regarding the taxable mass and, if the case be, request with minimum personal resources that the information be updated or that potential errors be rectified.</p>					
<p>3.2.2.6. Extension of the utility and use of the “Private Virtual Space” service (PVS) <i>The central registry of the public administration which allows, in a secure manner over the internet, the submission and receipt by the citizen of a multitude of types of documents, including their storage and subsequent finding. Initially, the PVS was conceived as to be used by the beneficiaries in relation to the MPF documents and services, however, the system may also be used by any other institution which accepts the clear, public and auditable communication standards. The extension of the PVS aims at: Offering electronic services in a unitary manner to taxpayers and beneficiaries of social securities, natural persons, managed by both the central fiscal bodies and the 3,228 local fiscal bodies; Redefining the individual private virtual space as a central registry within the central and local public administration, on issues regarding taxation, properties and social securities, with personalization based on SFRN (sole fiscal registration number); Taxpayers’ access to the individual private virtual space based on a single set of user/password/OTP-type credentials; Integration of other types of services, with direct communication with the public provider/public providing institution (PVS shall extend in stages, successively conducted or in parallel until 2018, as to introduce new electronic services and public institutions within the system).</i></p>	<p>Functional system in proportion of %/</p> <p>No. of taxpayer users of the system/year</p> <p>No./year</p>	<p>95%</p> <p>3 million</p>	<p>98%</p> <p>3.2 million</p>	<p>98%</p> <p>4 million</p>	<p>100%</p> <p>4.5 million</p>
<p>3.2.2.7. Creation and operationalization of the electronic tax identity of the natural person (SFRN). <i>Similar to establishing a natural person’s identity based on their Social Security Number (SSN) and the fiscal identity of legal entities based on the Fiscal Identification Number (FIN), the creation of an electronic fiscal identity of a natural person implies that each natural person shall benefit from a Sole Fiscal Registration Number (SFRN) based on which the person shall have access, throughout their lifetime, to the services associated to the financial, fiscal and non-fiscal and social securities services. SFRN shall be attributed to persons at the same time as their SSN and shall constitute the only manner of identifying their rights and obligations associated to the quality of paying taxpayer or beneficiary in different fiscal or social contexts, thus facilitating the persons’ access to data, information and documents regarding their own status or with regards to a determined fiscal or social context, without a prior reporting to other personal data categories or other documents necessary as to validate the identity. Operationalization of the natural person’s electronic fiscal identity implies updating the physical and electronic contexts of providing financial, fiscal and non-fiscal and social securities services, so that</i></p>	<p>Functional system in proportion of %/</p> <p>No. of taxpayer users of the system/year</p> <p>No./year</p>	<p>95%</p> <p>3 million</p>	<p>98%</p> <p>3.2 million</p>	<p>98%</p> <p>4 million</p>	<p>100%</p> <p>4.5 million</p>

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
<p><i>these may actually ensure a valid interaction, based on the SFRN, between taxpayers and the public financial, fiscal and non-fiscal and social securities systems.</i></p>					
<p>3.2.2.8. Creation of a collaborative environment to stimulate the private initiative in supplying electronic services for citizens and companies</p> <p><i>The initiative is a general one, which implies a coordinated action of all authorities and institutions which, in relation to the citizen, use forms. Practically, the measure aims at creating and using fixed standards for both physical forms (including the electronic version, available for download and printing) and the electronic forms (which can be filled in and sent on-line), followed by the use of a common depositary in which the information may be accessed primarily due to the inventory-type structure, by fields and sub-fields corresponding to different life events, which is to be updated and relevant. The measure wants to ensure that documents requested or issued by the public institutions can be accepted in electronic format with a digital signature, as well as be pre-filled with the information the public administration already holds. The measure is correlated with the Government's initiative to no longer request the citizen personal information which it already has within the public administration system. Establishing a unitary structure of electronic formats used in relation with the public administration and the manner of their use/acceptance shall imply even the completion of the current legal framework and application methodology as to allow the recognition of the electronic form of the documents, at the level of public institutions, as the original copy.</i></p>	<p>Functional system in proportion of %/</p> <p>No. of taxpayer users of the system/year</p> <p>No./year</p>	<p>95%</p> <p>3 million</p>	<p>98%</p> <p>3.2 million</p>	<p>98%</p> <p>4 million</p>	<p>100%</p> <p>4.5 million</p>
<p>3.2.2.9. Constitution and publishing of the electronic tax, local tax and other contributions registry</p> <p><i>The measure aims at centralizing within an Electronic Registry, all types of taxes and fees which are established by law and other administrative documents at central or local level and are perceived from taxpayers by the 3,228 of fiscal bodies at local level, as well as other public institutions/authorities. The registry shall contain information regarding: type of tax/fee; denomination of tax/fee; legal framework through which it was established; levels, approved limits, amounts and/or calculation methods; public authorities imposing the tax, normative act establishing the actual value of the tax/fee at local level, types of taxpayers, payment methods etc. The electronic registry of the local taxes and fees shall be published on the MPF and MDRAP web pages, the information being available to all taxpayers.</i></p>	<p>Functional system in proportion of %/</p>	<p>95%</p> <p>3 million</p>	<p>98%</p> <p>3.2 million</p>	<p>98%</p> <p>4 million</p>	<p>100%</p> <p>4.5 million</p>

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
3.2.2.10. Development of the reciprocal data exchange system with member states of the EU and OECD: <i>The measure aims at facilitating the data management procedures in the sense of receiving and transmitting fiscal information to jurisdictions with which ANAF has convened to perform an automatic information exchange based on international law judicial instruments to which Romania is part. Furthermore, the measure represents the implementation of security standards from the ISO/IEC 27000 family and of particularities defined by the IRS (for FACTA), EU and OECD (for AEOI). It is an ambitious measure, as it refers to the entire information system, not only the computer system, and it reaches technology, people and processes.</i>	No. of taxpayer users of the system/year No./year				
	Functional system in proportion of %/	95%	98%	98%	100%
	No. of taxpayer users of the system/year No./year	3 million	3.2 million	4 million	4.5 million
3.2.2.11. Development of the “System for the registration and supervision of electronic fiscal cash register” (SIMAMEF): <i>The measure is meant to strengthen the fiscal inspection and anti-fraud fight activities by registering and monitoring electronic cash registries and operations conducted through them, creating the premises for a risk analysis on multiple levels.</i>	Functional system in proportion of %/	95%	98%	98%	100%
	No. of registrations/year	3 million	3.2 million	4 million	4.5 million
	System reports/year No./year	1000	2000	2500	2750
3.2.2.12. Implementation of customs IT systems <i>The measure considers the implementation of IT systems which have as legal basis the Union’s Customs Code approved through Regulation (EU) no. 952/2013 of the European Parliament and the Council from 9 October 2013 and creating an electronic medium (computerized, “paperless”) for customs and trade.</i>	No. of implemented systems/ No. of systems provided within the Union Customs Code	5/12	7/12	8/12	12/12

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
<p>3.2.2.13. Development of the “Banking Garnishment Information Systems” (SIPoB)</p> <p><i>The measure is meant to eliminate the current blocking system of account belonging to taxpayers subject to foreclosure procedures and replacing it with a compliant and fast system which would allow both the fast blocking of accounts necessary as to cover the owed amounts and the unblocking of accounts, with the same efficiency, after foreclosure, with influences within the economy.</i></p>	Functional system in proportion of %/	95%	98%	98%	100%
	No. of system users/year No./year	3 million	3.2 million	4 million	4.5 million
<p>3.2.2.14. Development of the “Invoice record system” (eFACT):</p> <p><i>The measure is meant to strengthen the fiscal inspection and anti-fraud fight activities by registering and monitoring invoices issued by economic operators, creating the premises for a risk analysis on multiple levels, in relation with already-developed systems.</i></p>	Functional system in proportion of %/	95%	98%	98%	100%
	No. of registrations/year	3 million	3.2 million	4 million	4.5 million
	System reports/year No./year	1000	2000	2500	2750
<p>3.2.2.15. Modernization of the ANAF portal, including through assuring accessibility from any mobile device, in order to improve citizens’ interaction and that of the business environment with public institutions</p>	Functional system in proportion of %/	Y	Y	Y	Y
	No. of system users/year No./year				
<p>3.2.2.16. Modernization of the electronic archiving solution</p>	Functional system in proportion of %/				

Measures	Immediate achievement indicator (outputs)/units/target values				
	Basic level 2018	2019	2020	2021	2022
	No. of registrations/year				
	System reports/year No./year				
3.2.2.17 - Consolidation and assurance of interoperability of the applications SIACF, DECIMP, VECTOR and SERADN with the information systems of the State institutions which have and may provide useful information in the activity of collection of taxes and duties to the consolidated State budget					
3.2.2.18 - Centralization of the Trezor information system					
3.2.2.19 - Development of the Big Data Platform dedicated to the operational and analytical integration and capitalization of data volumes of interest for the MPF and its subordinated institutions					
3.2.2.20 - Improvement of the electronic document management system SIDOC (EDMS) in the Ministry of Public Finance					

ANNEX 4. INFORMATION ABOUT THE ISP COMPONENTS

Annex 4.1. Institutional profile

Units found under the supervision, management or authority of the MPF and companies within which the MPF exercises the quality of state representative as shareholder¹⁴

- ❖ MPF subordinate units:
 - with state budget funding:
 - National Agency for Fiscal Administration (ANAF);
 - National Agency for Public Procurement (ANAP);
 - National Office for Centralized Procurement;
 - with funding from own income and, in completion, subsidies from the state budget
 - Authority for the Public Supervision of the Statutory Audit Activity;
- ❖ Institutions and activities attached to the MPF:
 - The printing and distribution of the publication “Revista Finante Publice si Contabilitate” (Public Finances and Accounting Magazine);

State-owned enterprise, national companies and companies under the management or authority of the MPF and companies within which the MPF exercises the quality of state representative as shareholder:

- State-owned enterprise “Imprimeria Nationala” - S.A. (National Printing House);
- State-owned enterprise “Loteria Romana” - S.A. (Romanian lottery);
- CEC BANK - S.A.;
- Romania’s Export-Import Bank EXIMBANK - S.A.;
- Fondul Român de Contragarantare - S.A. (Romanian Counter-guarantee Fund);
- The National Loan Guarantee Fund for Small and Medium Enterprises - F.N.G.C.I.M.M. S.A. - IFN and its branches.

The four institutions under MPF:

- (i) *National Agency for Fiscal Administration* manages taxes, fees, social and health contributions and other budgetary income which, by law, is of its competence. It ensures the application of customs policies and regulations, including operative and unannounced controls destined to prevent, detect and fight against all acts or activities which could lead to tax/customs evasion or fraud;
- (ii) *National Agency for Public Procurement* elaborates, promotes and implements the policy in the field of public procurement, establishes and implements the assessment and control system of the unitary application of legal and procedural provisions in the field of public procurement and monitors the efficient functioning of the public procurement system;
- (iii) *The National Office for Centralized Procurement* ensures the elaboration and implementation of the strategy of the groups of products and services which are procured at centralized level, the organization and implementation of centralized award procedures, the administration and efficient, transparent management, under observance of legal provisions in force, of the allocated goods, budgets and funds, and specialty assistance for the contracting authorities with regard to the conclusion of the subsequent public procurement agreements whose object are the products and services procured in centralized system.
- (iv) *Authority for the Public Supervision of the Statutory Audit Activity* monitors, in public interest, the activity of statutory audit, according to the requirements under EU regulations and other

¹⁴ Annex 2 to Government Resolution no. 34/2009.

regulations in the field, contributing at the increase of the statutory audit's quality, the professionalism of financial auditors and audit companies.

At all levels, the ministry employs dedicated, highly trained, specialized personnel. On 31.12.2018, at the level of the ministry - own apparatus, there was a number of 1,938 positions (including dignitaries), of which 1,600 (82.56%) filled and 338 (17.44%) vacant. Over 92% of the MPF staff have graduated higher education institutions, most in the field of economy and accounting, followed by studies in law. Approximately 69% of positions are filled by women.

Table 17. MPF Personnel levels (own apparatus), between 2014-2018

Total number of positions approved for the MPF's own apparatus	December 2014		December 2015		December 2016		December 2017		December 2018 ¹⁵	
	#	%	#	%	#	%	#	%	#	%
Filled	1305	90.6	1290	88.3	1348	88.4	1324	86.54	1600	82.56
Vacant	134	9.4	170	11.7	177	11.6	206	13.46	338	17.44
Total	1439	100	1460	100	1525	100	1530	100	1938	100

Source: MPF

Table 18. MPF Personnel structure (own apparatus), between 2014-2018

Number of filled positions (MPF, own apparatus) per category	December 2014	December 2015	December 2016	December 2017	December 2018
Total	1305	1290	1348	1324	1600
Civil servants	1197	1185	1232	1223	1469
Contractual staff	108	105	116	101	131
Higher education	1204	1189	1250	1232	1478
Secondary education	41	39	35	33	55
Basic level studies	60	62	63	59	67
Women	962	950	992	972	1103
Men	343	340	356	352	497

Source: MPF

The personnel patterns have not been amended as to adapt to the different volume of work. As in any institution, the distribution of personnel within the MPF constitutes, at least to a certain extent, the result of the organization's history, not a reflection of current needs. The recruitment process focuses more on the legalist aspects than the specialized competences. The personnel are recruited by means of contest, within which emphasis is put on the degree to which the candidates have knowledge of the legal framework, not on testing relevant general and specialized competences. Even though this

¹⁵ As a result of the entry into force of Government Emergency Ordinance no. 77/2017 on the establishment of the National Center for Financial Information, 360 positions and the personnel corresponding to the activity in the field of information and communications technology, have been taken over from the central apparatus of the National Agency for Fiscal Administration, from the General Directorate of Administration of Large Taxpayers, from the National Agency for Public Procurement and the National Commission of Prognosis.

is a common trait of the recruitment process within Romania's public sector, this practice may make correspondence between the personnel's competences and the organization's position difficult. This alignment would impose the definition of competence profiles based on the organization's functions and on the recruitment/training of personnel based on the respective competence profile. The MPF has admitted the fact that as to allow personnel to answer ever-changing needs, a comparative analysis is necessary between the current competences of the personnel and the necessary ones in the perspective of achieving the vision established through this document (ISP 2019-2022). The more and more complex attributions which the MPF fulfills require a vast range of technical, analytical and managerial competences. Through the implementation of the strategic documents in the field of human resources, specific for the MPF (2014-2018 Human Resources Management Strategy), as well as by aligning the strategic priorities in the field of human resources of the MPF with those undertaken in the entire public administration through the approved strategic documents (SCAP, SDFP, the Vocational Training Strategy), the MPF seeks to identify and treat the specific human resources problems so as to ensure efficient support in the achievement of its strategic objectives.

Table 19. MPF Personnel structure (own apparatus), per age groups, 2014-2018

Number of filled positions per age groups	December 2014	December 2015	December 2016	December 2017	December 2018
between 20 and 30 years old	46	50	62	56	69
between 31 and 40 years old	380	382	375	314	339
between 41 and 50 years old	517	520	581	580	687
between 51 and 60 years old	300	297	278	306	414
over 60 years old	62	41	52	68	91
Total	1305	1290	1348	1324	1600

Source: MPF

Planning the replacement of personnel on the verge of retiring becomes more and more important. Even though the mean age of MPF own apparatus personnel is of approximately 46 years, about 31% of the current MPF personnel is aged over 51 years. As such, the adequate planning of the replacement of said personnel, which is to comprise an appropriate mix of recruitment, transfers and promotions, must constitute a key element of the ministry's human resources management strategy.

MPF budget

MPF allocated budget (as line ministry) over the last three years is presented in the table below:

Table 20. MPF allocated budget in the period 2016-2018 (RON thousands)

Year	2016	2017	2018
Total MPF budget (line ministry)	3,462,310	3,607,877	5,015,529

Organizational chart

The organizational chart of the MPF can be found at:

<http://discutii.mfinante.ro/static/10/Mfp/resurse/organigrama-mfp-2018.pdf>

Annex 4.2. Relevant strategies and normative acts

Relevant strategies

- 2019-2021 Fiscal-budgetary Strategy
http://discutii.mfinante.ro/static/10/Mfp/transparenta/SFB2019_2021_15032019.pdf
- 2019 - 2021 Convergence Program
http://discutii.mfinante.ro/static/10/Mfp/resurse/program_convergenta_editia2019_2022.pdf
- 2019-2021 Governmental public debt administration strategy
http://discutii.mfinante.ro/static/10/Mfp/buletin/executii/Strategiaadmindatpubgubv2017_2019_09iunie_21062017.pdf
- ANAF Strategy 2017-2020
https://static.anaf.ro/static/10/Anaf/Informatii_R/Strategia_ANAF_20032017.pdf
- National Strategy for Public Procurement
<http://anap.gov.ro/web/wp-content/uploads/2015/12/Strategia-Nationala-Achizitii-Publice-final.pdf>

Normative acts regulating MPF's and its subordinate institutions' activity

Several of the most relevant are presented hereinafter.

- Government Resolution no. 34/2009 regarding the organization and functioning of the Ministry of Public Finances, with subsequent amendments and completions;
- Law no. 500/2002 regarding public finances, with subsequent amendments and completions;
- Law no. 69/2010 regarding fiscal-budgetary responsibilities, republished, with subsequent amendments and completions;
- Law no. 273/2006 regarding local public finances;
- Annual budgetary laws;
- Law no. 227/2015 regarding the Fiscal Code, with subsequent amendments and completions;
- Law no. 207/2015 regarding the Fiscal Procedure Code, with subsequent amendments and completions;
- Government Ordinance no. 119/1999 regarding internal/managerial control and preventive financial control, republished, with subsequent amendments and completions;
- Government Resolution no. 520/2013 regarding the organization and functioning of the National Agency for Fiscal Administration, with subsequent amendments and completions;
- Government Resolution no. 677/2013 regarding the approval of the Regulation for conducting the contest or exam for occupying the public position specific to anti-fraud inspector within ANAF, with subsequent amendments and completions;
- Government Ordinance no. 86/2003 regarding certain regulations in the financial field, with subsequent amendments and completions;
- Law no. 162/2017 regarding statutory audit of annual financial situations and of annual consolidated financial situations and the amendment of certain normative acts;
- Government Resolution no. 817/2017 regarding the organizational structure and number of positions of the Authority for the Public Supervision of the Statutory Audit Activity, established

through the reorganization of the Council for the Public Interest Supervision of the Accounting Profession and for the amendment and completion of Government Resolution no. 34/2009 regarding the organization and functioning of the Ministry of Public Finances;

- Government Emergency Ordinance no. 13/2015 regarding the establishment, organization and functioning of the National Agency for Public Procurement, with subsequent amendments and completions;
- Government Resolution no. 634/2015 regarding the establishment, organization and functioning of the National Agency for Public Procurement, with subsequent amendments and completions;
- Government Emergency Ordinance no. 88/2013 which defines the primary stages of the public investment cycle and the prioritization criteria for significant public investment projects, with subsequent amendments and completions;
- Government Resolution no. 225/2014 for the approval of Methodological norms regarding the prioritization of public investment, with subsequent amendments and completions;
- Government Emergency Ordinance no. 64/2007 regarding public debt, approved with subsequent amendments and completions through Law no. 109/2008 with subsequent amendments brought to the methodological norms for the application of provisions under Government Emergency Ordinance no. 64/2007 regarding public debt, approved through Government Resolution no. 1470/2007, with subsequent amendments and completions;
- Law no. 98/2016 regarding public procurement, with subsequent amendments and completions;
- Law no. 99/2016 regarding sector procurement, with subsequent amendments and completions;
- Law no. 100/2016 regarding concession of works and of services, with subsequent amendments and completions;
- Government Resolution no. 395/2016 for the approval of Methodological norms for the application of provisions regarding the attribution of the public procurement contract/framework-agreement under Law no. 98/2016 regarding public procurement;
- Government Resolution no. 394/2016 for the approval of Methodological norms for the application of provisions regarding the attribution of the sector contract/framework agreement under Law no. 99/2016 regarding public procurement;
- Government Resolution no. 867/2016 for the Approval of Methodological norms for the application of provisions referring to the attribution of concession of works contracts and concession of services contracts under Law no. 100/2016 regarding the concession of works and of services;
- Government Emergency Ordinance no. 46/2018 on the establishment, organization and operation of the National Office for Centralized Procurement;
- Government Decision no. 502/2018 on the organization and operation of the National Office for Centralized Procurement and amending and supplementing certain legislative acts;
- Government Emergency Ordinance no. 77/2017 regarding the establishment of the National Center for Financial Information within the Ministry of Public Finances, approved with amendments through Law no. 99/2018.

ANNEX 5. DRAFT LEGISLATIVE ACTS FOR 2019

Proposed by the Ministry of Public Finance for 2019

Item no.	Draft normative act stipulated within the GAWP	Estimated date for submission to Government session
1.	Draft Government Resolution for the completion of Norms for the application of Government Emergency Ordinance no. 66/2014 regarding the approval of the Program for the stimulation of new car acquisitions, with subsequent amendments and completions, approved through GR no. 1053/2014 regarding the establishment of the total cap of guarantees which may be issued in 2018 for the Program for the stimulation of new car acquisitions, in the amount of RON 10 million of the unused difference of the cap allocated for the year 2017	January
2.	Draft Government Resolution regarding the amendment of Government Resolution no. 534/2007 regarding the establishment, attributions, competences and manner of functioning of the Inter-ministerial Committee for Funding, Guarantees and Insurance and the regulation of funding, guarantee and insurance operations conducted by Romania's Export-Import Bank EXIMBANK - S.A in the name and on behalf of the state, published in the Official Journal of Romania, Part I, no. 417 from 22 June 2007, with subsequent amendments and completions	February
3.	Draft Law regarding the financial instruments market	March
4.	Draft Government Resolution for the approval of Methodological Norms for the application of Law no. 233/2016 regarding the public-private partnership, with subsequent amendments and completions	
5.	Draft Government Resolution regarding the approval of methodological norms for the application of Government Emergency Ordinance no. 110/2017 regarding the Program for the support of small and medium enterprises - IMM INVEST ROMANIA	
6.	Convergence Program	April
7.	Draft Government Resolution regarding the necessary measures for the operationalization and adequate development of the activity of the National Office for Centralized Procurement (ONAC)	
8.	Draft Government Resolution for the amendment and completion of Government Resolution no. 394/2016 for the approval methodological norms for the application of provisions regarding the attribution of the sectoral contract/framework-agreement under Law no. 99/2016 regarding sectoral procurement, and for the amendment and completion of Government Resolution no. 395/2016 for the approval of methodological norms for the application of provisions regarding the attribution of the public procurement contract/framework-agreement under Law no. 98/2016 regarding public procurement	
9.	Draft Law for the amendment and completion of Government Ordinance no. 10/2015 for the organization of the Fiscal assets' lottery	May
10.	Draft Law for the amendment of art. 3 under Government Ordinance no. 59/1994 regarding the regulation of import-export operation which are	

	conducted by means of clearing, barter and international economic cooperation based on the commercial and governmental payment agreements.	
11.	Draft Law regarding insurance distribution	
12.	Draft Law regarding the Investors Compensation Fund	
13.	Draft Law regarding establishing certain measures for the application of Regulation (EU) 2015/751 of the European Parliament and of the Council from 29 April 2015 regarding inter-banking fees for card payment transactions	
14.	Draft Law regarding the activity of issuing electronic currency	
15.	Draft Law regarding Romania becoming a member of the Asian Infrastructure Investment Bank (AIIB)	
16.	Draft Law for the approval of the general annual account for the execution of the state social securities' budget for the year 2017 and of the general annual account for the execution of the employment insurance budget for the year 2017	June
17.	Draft Law for the approval of the general annual account for the execution of the state budget, of the annual account for the execution of the Sole national health insurance fund budget and the general annual account for the public debt associated to the year 2017	
18.	Draft Law for the approval of caps for certain indicators specified within the fiscal-budgetary framework for the year 2019	July
19.	Draft Law for the amendment and completion of Government Ordinance no. 119/1999 regarding the internal/managerial control and preventive financial control	August
20.	Draft Law regarding the amendment of provisions under Law no. 165/2013 and of Law no. 164/2014	September
21.	Draft Government Resolution for the approval of the Plan regarding professionalization within the field of public procurement 2018-2020	October
22.	Draft Law for state social securities budget for the year 2019	November
23.	Draft Law for the state budget for the year 2019	

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