20th Annual Meeting of Central, Eastern and South Eastern European Senior Budget Officials – CESEE SBO

Short update on recent developments in budgeting and public financial management reforms

Ministry of Finance, Romania

2-3 October 2025 Sofia, Bulgaria

Budgetary Reform

- **Romania has committed**, through its National Medium-Term Structural Budgetary Plan, to a deficit reduction path aiming **to reach the 3% of GDP target by 2031**, as part of its commitment to comply with EU fiscal stability rules, in accordance with Council Regulation 2024/1263.

- **The reform package addresses several key areas such as:** tax reform, tax administration reform, the management of public expenditures and the restructuring of state-owned enterprises expenditures, along with the revision of the pension and wage system.

Budgetary Reform

RECOVERY AND RESILIENCE PLAN

The main challenge for Romania is to meet the milestones and targets under the National Recovery and Resilience Plan (NRRP) by the deadline of 31 August 2026, in line with EU recommendations.

Until now, the Ministry of Finance has implemented key milestones, part of the National Recovery and Resilience Plan, in the process of modernizing public finance governance, like **spending review**, **program-based budgeting** and the **methodology for green tagging budgetary and fiscal expenditures**.

The Ministry of Finance is currently in the process of **implementing a new** budget planning **IT system**, designed to integrate program-based budgeting, investments prioritization and the methodology for green tagging budget expenditures into a coherent framework to strengthen the state budget process by enhancing its transparency, efficiency and sustainability.

Budgetary Reform

To ensure fiscal stability, the Ministry of Finance updated the national legislative framework for improving the budget mechanism, as follow:

- **GD no. 467/2022** *on the approval of the Methodology for the preparation and execution of budgetary programmes*;
- **GD no. 427/2022** *on approving the Methodology for the preparation, monitoring, reporting and revision of institutional strategic plans;*

The two methodologies ensure a better connection between budget and policies, on one hand, and budget departments and public policy units, on the other hand.

Budgetary Reform

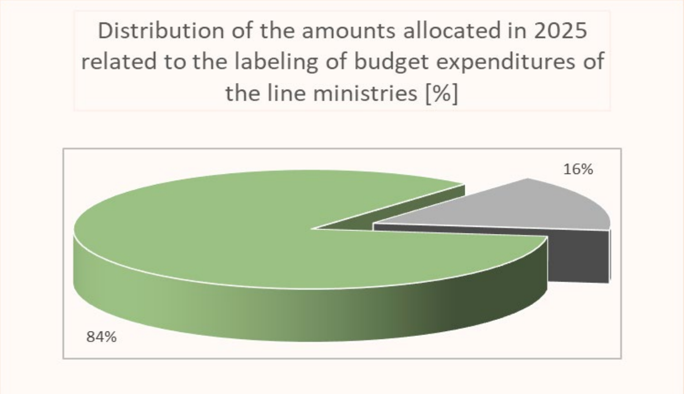
SPENDING REVIEW:

- **The Ministry of Finance has adopted a *Spending Review Strategy for 2024-2030*, establishing a** systematic **spending review process across central government institutions** which consists in planning of spending reviews, by establishing the domains to be analyzed each year, the institutions involved, the approach type of the analysis.
- **The strategy aims to improve the efficiency of public spending** by eliminating unproductive, redundant or inefficient expenditures and reallocating resources towards priority policy areas.
- **Public Finance Law has been amended by introducing spending reviews in the budget calendar** and a new duty to Ministry of Finance to perform, periodically, together with line ministries, spending reviews of public institutions.
- **Starting with 2022, hree spending reviews were conducted, in Health, Education and Environment.** Currently, MoF is conducting spending review in Transportation. The measures resulted from spending reviews are reflected in the ISPs and budget programs of the reviewed line ministries.
- **Fiscal Responsibility Law was amended in 2022**, by giving to the Fiscal Council the duty to carry out an ex-post evaluation of the spending reviews, that will be included in their annual report.

Budgetary Reform

Green Budgeting:

- ❑ **In December 2024 budgetary exercise, Romania applied the green budgeting methodology for the 2025 state budget**, introducing the tagging system, in accordance with the EU Taxonomy for sustainable activities and Technical Guidance on the principle of "do no significant harm";
- ❑ In order to test its feasibility and implementation framework, Romania applied for the first time the methodology in a pilot phase approach, within three institutions – Ministry of Finance, Ministry of Environment and Ministry of Investments and European Projects;
- ❑ **From the total budget of the line ministries** included in the pilot project and subject to the green budget expenditure analysis:
  - ➢ **84% corresponds to favorable/green expenditures;**
  - ➢ **16% corresponds to neutral expenditures**.



- ❑ Following the positive results, the Ministry of Finance, **in the context of preparing the 2026 state budget, extended the application of the** methodology for impact assessment by tagging **budgetary and fiscal expenditures to all ministries**.

Thank you!