



# BUDGETING IN ROMANIA

## OECD REVIEW

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# OECD Review of Budgetary Governance

- Assessed against 10 principles of the OECD Council Recommendation on Budgetary Governance
- Report finds:

*The government's budgetary reforms have resulted in a measurable step toward the OECD Recommendation of the Council on Budgetary Governance, for instance, by introducing medium-term planning and performance metrics. However, improvements from implementing the reforms have lagged behind the adoption of new frameworks.*

- A lot done; more to do
- A good basis for implementing reforms and building capacities



# Budgeting Within Fiscal Objectives

Managing  
budgets  
within clear,  
credible and  
predictable  
limits for  
fiscal policy

- Country has been subject to the Excessive Debt procedure
- Clearly weaknesses despite MoF commitment to expenditure ceilings
  - Emergency Ordinances weaken compliance with fiscal objectives
  - Need to better reconcile top-down and bottom-up budgeting
- Engage with ministries before calculating ceilings to better understand programme performance and expenditure developments
- Emergency ordinances are politicised but need to be addressed



# Budgeting Within Fiscal Objectives

- Sound legal basis for Medium-Term Expenditure Framework
- MTEF observed in form rather than applied as basis for budget
  - No linkage between MTEF and Institutional Strategic Plans
  - Scope to improve the accuracy of forward year estimates and to anchor these into fiscal strategy
- Improvement
  - Better coordination between MoF and General Secretariat
  - Strengthened co-ordination between Public Policy Units and Budget and Execution Unit within Line Ministries

Closely align budgets with the medium-term strategic priorities of the government



# Capital Budgeting Framework

Design the capital budgeting framework in order to meet national development needs in a cost-effective and coherent manner

- Countries should ground capital investment plans in objective appraisal of economic capacity gaps, infrastructure development needs and sectoral and social priorities
- No recommendations here since most capital expenditure is funded by EU. The Report found

*The reporting disciplines around European Union funding flows, through the Ministry of Investment and European Projects, are strong and are supplemented by six-monthly audit missions and close monitoring of relevant reports by the Romanian Court of Accounts.*



# Transparency, Openness and Accessibility

Ensure that  
budget  
documents  
and data are  
open,  
transparent  
and  
accessible

- There is more transparency and engagement with civil society; legislation and National Action Plan for Open Government
- Excessive detail an impediment to analysis and meaningful discussion on spending goals
- Improvement
  - Simplifying budgetary information
  - introducing the citizen version of the draft budget



# Participative, Inclusive & Realistic Debate

- National Action Plan for Open Government commitments
- Parliament and Fiscal Council lacking time and resources to contribute to scrutinise budget and fulfil mandate
- Improvement
  - Revising the budget calendar
  - Provide necessary resources
  - Consider establishing a parliamentary budget office

Provide an inclusive, participative and realistic debate on budgetary choices



# Comprehensive Budget Accounting

- Comprehensive presentation of expenditures and revenues; solid FMIS (FOREXEBUG) and development of accruals
- Understanding of accruals weak at line ministry level
- Improvement
  - Continuing to inform line ministries of the accounting rules and accrual approach

Present a comprehensive, accurate and realistic account of public finances



# Effective Budget Execution

- Strong legal framework, TSA, cash management and budget control well established
- Annual budget execution report is produced very late
- Improvement
  - Speeding up the finalisation of the budget execution report and its auditing by Court of Accounts so it can be available to Parliament for the budget debate

**Actively plan,  
manage and  
monitor the  
execution of  
the budget**



# Performance, Evaluation and VFM

Ensuring  
performance,  
evaluation  
and value for  
money are  
integral to  
the budget  
process

- Strong legal basis for performance budgeting
- Not yet alignment of strategies, policy goals with budgeting
- No performance measurement; limited use of spending reviews
- Improvement
  - Continue to develop performance budgeting in pilot ministries
  - Capacity building efforts to use non-financial info to assess performance
  - (Re)introduce spending reviews



# Fiscal Risks and Sustainability

- Budget deficit, Excessive Deficit Procedure though debt ratio low
- Fiscal risks section now included in Budget but need a strong management framework with risk mitigation, especially with emerging risks such as climate
- Improvement
  - Continuing to develop a fiscal risk management framework with staff dedicated to the task

Identify,  
assess and  
manage  
prudently  
longer-term  
sustainability  
and other  
fiscal risks



# Quality, Integrity and Independent Audit

Promote the integrity and quality of budgetary forecasts, fiscal plans and budgetary implementation through rigorous quality assurance including independent audit

- Court of Accounts and Fiscal Council provide external oversight
- Internal audit well established but quality varies across administration
- Improvements
  - Strengthen the Fiscal Council
  - Strengthen internal audit where it is weak
  - Focus on implementation of recommendations



# Thank You