MINISTRY OF PUBLIC FINANCE
Budget Department

Romania - Base line estimates for the medium term -
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• PUBLIC FINANCE LAW no. 500/2002
• THE NEED FOR ELABORATION FISCAL RESPONSIBILITY LAW (FRL)
• OBJECTIVES OF FRL
• NEW ELEMENTS
• THE IMPORTANCE OF FRL IN PUBLIC FINANCE MANAGEMENT
• FOLLOW UP IN REFORM PROCESS
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- Pro-cyclical fiscal policy;
- Large budget deficits;
- Excessive public spending;

ECONOMIC AND FISCAL POLICY LED TO INTERNAL AND EXTERNAL IMBALANCES

FRL – Compliance of stand-by arrangement between Romania and the IMF, to reform the budget process
Reforming the budget process:

- Introduce multi-planning:
- Limited budget revisions during the year;
- Create a council tax for an independent analysis of macroeconomic forecasts;
- Provides tax rules for total expenditure, expenditure staff and budget deficit;
- Create and manage the issuance of guarantees and other collateral requirements.
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- Introduction of budgetary fiscal strategy - from FRL:
  - approved by Government and presented in Parliament.
  - period: 3 years
  - contain:
    1). Macroeconomic framework –main macroeconomic indicators;
    2). Budgetary fiscal framework;
    3). Expenditures for medium term;
    4). Declaration of responsibility;
Introduction of budgetary fiscal strategy:

- approved by Government, until 30 May and presented to Parliament.

- Parliament approve:

  - Law draft for limits approval from the framework of budgetary fiscal

  ✓ budget indicators for 2 years.

  • Budget deficit - % from GDP
  • Wages expenditures - % from GDP

  ✓ budget indicators for 1 year
Government Decision 187/2010 regarding the elaboration of fiscal strategy for 2011-2013

- working group coordinator:
- special committee
- action plan for strategy set up.
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- Introduction of expenditures framework on medium term – art. 20(3)FRL;

  **main objectives:**

  - public expenditure management;
  - programs on 3 years;
  - link between spending and government policies
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- Provides general parameters for the formulation of sustainable policy decisions by establishing rules regarding:
  - Revenue;
  - Debt;
  - Deficit;
  - Government expenditure;
  - Risk management;

- Prognosis of revenue and expenditure are well founded sectorial policies and strategies;
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- Strengthening fiscal discipline;
- Promoting a prudent fiscal policy;
- A new approach on allocation process of resources for ministries
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- MODIFYING AND UPDATED PUBLIC FINANCE LAW
THANK YOU!
SEE YOU IN ROMANIA!