PHARE/2005/017-553.03.01

Amendment 2005

for

The Multi-Annual Programme 2004 – 2006

SECTOR FINANCE
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1  Basic Information

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<th>CRIS Nr</th>
<th>PHARE/2005/017-553.03.01</th>
<th>Country: Romania</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title</td>
<td>Further institution building of the Romanian Ministry of Public Finance and Court of Accounts</td>
<td></td>
</tr>
<tr>
<td>Sector</td>
<td>Priority sector Public Finance</td>
<td>Evaluation sector Public Finance</td>
</tr>
</tbody>
</table>

Summary

The overall objective of the sector programme is to strengthen the institutional capacity of the Ministry of Public Finance and Court of Accounts and accelerate the reforms and to improve the legal and administrative capacity of the Ministry of Public Finance in a view to complying with the accession requirements to the European Union stated in the Roadmap and the Accession Partnership.

The 2005 programme will focus on the following tasks: Completing the harmonisation of the tax legislation and strengthening the fiscal administration; Continuing the development of the legal framework and of the administrative capacity for the strengthening of the public finance management; Continuing the implementation of the IT strategy; Improving the Institutional Capacity of the Romanian Court of Accounts.

2  Objectives

The overall objective of the sector programme is to strengthen the institutional capacity of the Ministry of Public Finance and Court of Accounts and accelerate the reforms.

In addition to the provisions mentioned in the 2004-2006 Sector Fiche approved, there were made the following completions:

2.1  The Needs

In order to achieve the objective, the Ministry of Public Finance needs to focus also on:

- Consolidation of public finances;
- Consolidating the administrative, operational and technical capacity of the Romanian Customs Authority to enable it to achieve full harmonization with the acquis communautaire.

These priorities are based on necessities identified in:

Accession Partnership

Develop a national policy for economic and social cohesion and, in this context, regularly update and improve the National Development Plan (further co-ordination with the national budgetary and policy-making processes, including multi-annual programming and budgeting);
Improvement of the legislative and administrative aspects relating to EC requirements on financial management and control (control and audit functions, mobilisation and circulation of financial flows, national co-financing). Preparation in order to assign the control functions and especially the public internal audit function within the Management Authorities, Paying Authorities and, if it is necessary, to the Intermediary Bodies;

Accelerate the implementation of the IT strategy of the Romanian customs administration;

Develop IT systems to permit the exchange of computerised data within the enlarged Community;

Prepare for installation and operation of CCN/CSI (Common Communications Network/Common Systems Interface);

Prepare for implementation, at the time of accession, of the commitments in the areas of collection and control of Community own resources and management of the customs aspects of the common agricultural policy (control of export refunds, etc.);

Implement measures to reduce waiting times at the border, to fight cross-border movement of pirated and counterfeit goods and to fight economic crime and organised crime;

Combat irregularities by increasing the use of risk analysis methods and strengthening the intelligence function within the customs administration.

2002 Roadmap:

Intensify efforts to meet Structural Funds requirements for monitoring and evaluation;

With regard to programming, develop the capacity to select, discuss and clarify the development priorities at both national and regional level.

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Romania must give particular attention to compliance with other Community policies as required by the Structural Funds Regulations, especially in the field of public procurement, environment and competition;

Multi-annuality of the budget is enshrined in the Law on Public Finance but as regards co-financing of structural programmes Romania needs to ensure that the budgetary system provides sufficient flexibility and that the quarterly allocation mechanism does not become an obstacle to the smooth co-financing of major operations. Co-financing capacity at local level is a serious concern because of the limitation of the debt ratio of local authorities which is already constraining their capacity to co-finance pre-accession funds;

Budgetary commitments taken for the current pipeline of transport projects should be carefully assessed at national level as they could hinder the capacity of the Romanian state budget to co-finance EU-funded projects in the future.

2.2 Specific objectives of the sector programme in 2005

The 2005 programme will contribute to implementing the following specific tasks:

<table>
<thead>
<tr>
<th>Tasks, to start with 2005 funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completing the harmonisation of the tax legislation and strengthening the fiscal administration</td>
</tr>
<tr>
<td>Continuing the development of the legal framework and of the administrative capacity for the</td>
</tr>
</tbody>
</table>
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### Tasks, to start with 2005 funds

<table>
<thead>
<tr>
<th>Strengthening of the public finance management</th>
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</thead>
<tbody>
<tr>
<td>Continuing the implementation of the IT strategy</td>
</tr>
<tr>
<td>Improving the Institutional Capacity of the Romanian Court of Accounts</td>
</tr>
</tbody>
</table>

### 2.3 Programme priorities and its impact on the sector

This multi-annual programme focuses on the following:

<table>
<thead>
<tr>
<th>Phare priorities</th>
<th>Main impact</th>
</tr>
</thead>
</table>
| Taxation legislation and Fiscal Administration | Full alignment to the acquis communautaire. Ensuring the compatibility of the taxation legislation with the acquis communautaire and strengthening the tax administration reform. This priority aims at:  
  • transposing Community regulations in the taxation and fiscal administration and implementing them in national legislation;  
  • strengthening the capacity and improving working procedures of the Fiscal Administration to ensure uniform and correct application of the regulations on direct and indirect taxation field;  
  • reducing fraud and fiscal evasion  
  • completing the legislative framework regarding the compatibility of legislation with the Code of Conduct for Business Taxation;  
  • improving assistance services for taxpayers and fiscal education campaigns  
  • training personnel on the new tax legislation and for improving the professionalism and integrity of Fiscal Administration  
  • putting legal framework (norms and procedures) in place in order to improve the electronic services to taxpayers (legal and physical persons). |
| Public finance management              | Contribute to the development of:  
  • the institutional and procedural framework in order to ensure a sound financial management of the Community/structural funds;  
  • an efficient financial management and control system  
  • the public internal audit function  
  • consolidated financial statements and the consolidated reports related to the budget implementation;  
  • administrative capacity at the completed coordination unit for ensuring the transparency and efficiency of the financial flows to and from the European Union budget;  
  • the public procurement system  
  • Risk management of the government debt portfolio;  
  • the School of Public Finance, to ensure high-standards training to the staff of the MoPF and other concerned institutions. |
| IT infrastructure development         | Continuation of the development of the IT infrastructure in order to obtain  
  • efficient enforcement of the financial-tax regulations, based on a harmonized legislation and on new work methods  
  • high level of compatibility with the similar information systems used in the European Union countries  
  • modernisation of information system  
  • improvement of services provided to the taxpayers as well as to the internal end-users  
  • CLO and ELO in place  
  • increased capacity of staff in managing the IT&C infrastructure and softwares |
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<table>
<thead>
<tr>
<th>Phare priorities</th>
<th>Main impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Court of Accounts</td>
<td>• Strengthen the Court of Accounts’ overall capacity through the introduction of modern audit methods in compliance with the internationally accepted audit standards and with the best European practices.</td>
</tr>
<tr>
<td></td>
<td>• Create a highly professional staff, constantly preoccupied to improve its professional performances</td>
</tr>
<tr>
<td></td>
<td>• Develop a modern and adequate technical and logistical support, a good internal and external communication.</td>
</tr>
</tbody>
</table>

3 Description

3.1 Background and justification:

In this section the following completions related to the new priorities were introduced:

The Ministry is directly responsible for 7 negotiation chapters: no. 3 “Free movement of services”, no. 4 “Free movement of capital”, no. 10 “Taxation”, no. 11 “Economic and Monetary Union”, no. 25 “Customs Union”, no. 28 “Financial control” and no. 29 “Financial and budgetary provisions”.

Considering the special role of the Ministry of Public Finance in accelerating the preparations for the accession to the European Union, the complexity of the various fields of activity of our institutions, its responsibility regarding a significant number of negotiations chapters and the involvement in most of the other chapters, we consider Phare assistance necessary to further align the acquis communautaire in fields such as: taxation, financial control, protection of national and EC financial interests, public procurement, and external audit and to ensure that all stakeholders are ready to properly implement the acquis communautaire from the day of accession.

Regarding the administrative capacity, in particular, given the large number of changes in the legislation and the complexity of the acquis communautaire in the field of VAT, significant further training will be needed in order to ensure that the administrative capacity is adequate to successfully implement and control especially the international aspects of the new VAT legislation. The legal framework in the field of public finance, including issues related to the multi-annual budgetary planning, co-financing and budgetary flexibility is constituted by the Law on Public Finance (the framework law), Law on Local Public Finance, the annual Budget Act, and legal acts issued for their implementation.

Taking into account the recent successfully closed Phare project RO 010703 (Further Strengthening of the Operational Capacity of the National Customs Authority) and the fulfilment of the RO 2002/000-586.04.03 (Connection of the Romanian Customs’ systems with the EU systems), and based on the IT development and interoperability with EU systems strategy, it is necessary for RNCA to continue this process, to complete the interoperability with EU systems and to improve the trade Facility and to ensure the control security.

As a result of the permanent monitoring of RNCA activity, by the DG TAXUD, through different missions like: DG TAXUD Monitoring Mission for the NCTS implementation on August 2004, SC8 and Mission on customs and taxation IT interoperability and IT
interconnectivity on December 2004, Working group Meeting CE-AELS on February 2005, was provided the following recommendations:

- The actualization of the NCTS National Implementation Schedule;
- Provide of the technical details for configuration of the NCTS interface;
- Develop of the operational Help desk;
- Guarantee of the secured access to external environment;
- Deploy of the NCTS tests (pre-conform & conform) and the extension to the national level through 3.2. phase;
- Procedures implementation to functional and organisational level in relation with Customs informatics system;
- Preparing of the TQS management;
- Including in CDPS the non-tariff measures;

Related to IT and interconnectivity, Romania has a clear strategy in place since 2001. Romania is sustaining for the effort to achieve a sufficient level of IT operational capacity upon accession and is progressing at a satisfactory pace.

The ongoing development of the Integrated Customs Information System sustains the Trade Facility and Control Security processes, and also the Interoperability with EU systems, in line with:

- the priority areas underlined in the AP;
- following on from the Business Strategy of the National Customs Authority, and the Strategy of the Romanian Customs IT Development and interoperability with the EU systems, as TARIC and tariff related systems, NCTS, AFIS, and others;
- the DG TAXUD recommendations;
- the Commission/DG TAXUD recommendation concerning areas of the customs business, Strategy regarding the implementation of the interoperability with the EU systems, as a strategic frame for all candidate countries.

In order to become an independent, professional and trustworthy institution of external control and audit of public funds, capable of complying with the requests for acceding to the EU, the Court of Accounts needs the introduction of modern audit methods, in compliance with the internationally accepted audit standards and with the best European practices, a highly professional staff, constantly preoccupied to improve its professional performances, a modern and adequate technical and logistical support, a good internal and external communication.

This way, the Court will be able to submit to the Romanian Parliament, to the European Union, to other stakeholders and to the public opinion high quality reports regarding the use of public funds.

3.2 Sectoral rationale

The Ministry of Public Finance is a key Government institution, with synthesis role for the activity of the economic, financial and fiscal structures in Romania. It operates on the basis of Law No. 90/2001 regarding the organisation and operation of the Romanian Government and

The role of the Ministry of Public Finance is to collect and manage the public financial resources, by a complex system of budgets: the state budget, the state social security budget, the local budgets, the special funds budgets, the budgets of the external grants, the state treasury budget and the budgets of other autonomous public institutions. This activity is performed according to the law, securing the budget balance and implementing the financial policy of the state. The formulation and execution of the budget is based on the principles of universality, publicity, unity, annually, budgetary specialisation, and monetary unity.

In order to accomplish its role, the Ministry of Public Finance ensures the collection of the revenues stipulated in the budget, in cash and by means of accounts, and performs the treasury operations regarding the government borrowings. To calculate public expenditures, the Ministry of Public Finance considers the financial policy of the state, the number of employees, the existing public institutions network, the institutions to be created, the efficient use of existing equipment. The main directions for using public funds are aimed at: the social sector (education, health, social care and security, culture, arts, youth and sports, environment recovery and protection); supporting research programs; the economic sector (investments and other economic activities of public interest, subsidies, facilities, etc.); national defence, public order and national safety; central and local public administration; the interests related to the public debt and the expenditures related to issuing and selling securities.

The legal framework in the field of public finance, including issues related to the multi-annual budgetary planning, co-financing and budgetary flexibility is constituted by the Law on Public Finance (the framework law), Law on Local Public Finance, the annual Budget Act, and legal acts issued for their implementation.

Although the Law no 500/2002 does not contain explicit provisions for the Structural and Cohesion Funds, it is a framework law which regulates the national public finance and makes distinction between the national budget and the external financing sources for projects/programmes (using the term non-reimbursable external funds). According to this law, all the main spending units present as an annex to their budgets “The Synthesis of the non-reimbursable financing projects”, detailed by financial source (European Union, other donors, state budget, other sources). Thus, in the 2004 budget, the funds received from the EU are presented along with the other budget resources, for the period covering the budgetary year 2004 and the following three years (2005-2007). This enables the multi-annual planning of the budget expenditures representing the national co-financing of the EU non-reimbursable financing programmes.

In Romania, the funds are approved and released on an annual basis. According to the principle of annual budgeting (Law on public finance no 500/2002, as amended and completed and Law on local finance), “the budgetary revenues and expenditures are approved by law for a period of one year, corresponding to the budgetary exercise and all the collecting and payments operations performed within the budgetary year belong to the corresponding execution exercise of the corresponding budget”.

Exceptions from this principle are the availabilities from the non-reimbursable external funds and from the national public funds, which co-finance the financial contribution of the
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European Community, which remain available in the accounts of the implementing structures at the end of the budgetary exercise (they will be carried forward in the next year).

The annual budgeting principle is one of the basic, internationally approved principles of public finance (as stipulated into the Financial Regulation applicable to the general budget of the European Community (title II, chapter 2).

The national public contribution designed to co-finance the EU financial contribution is included in distinct budgetary lines within the state budget, state social security budget, local budgets, special funds budgets, state treasury budget, other public institutions with autonomous budgets and the budgets of the main spending units.

The draft annual budget is elaborated based on the budget proposals of each spending institution, which include the co-financing of the projects financed from external non-reimbursable funds.

In art. 42 paragraph 2, the Annual Budget Law stipulates the obligation of the main spending institutions to ensure fully and with priority the necessary funds representing the local component for the carrying out of the programmes and projects with international financing, as well as the ones necessary for financing the fulfilment of the commitments assumed through the Romanian Position Papers for accession to the European Union.

All tasks proposed to be financed under Phare funds are priorities for the Ministry of Public Finance and Court of Accounts, priorities that derive from the main functions of the two institutions:

✔ Ministry of Public Finance:
  - ensuring the elaboration of the strategy for implementing the Government Programme in public finance area;
  - regulating and synthesis, ensuring the elaboration of the legal and institutional framework needed for the achievement of the strategic objectives in its activity field;
  - drawing-up and implementing of the budgetary and fiscal policy;
  - administrating the State revenues;
  - administrating the Public Debt;
  - exercising the internal public financial control;
  - elaborating and supervising the legal framework in the field of public accounting;
  - ensuring the control over the unitary application and compliance with the legal regulations in its activity field, as well as over the functioning of the institutions that perform their activity under the subordination or under the authority of MoPF;
  - Ensuring the national co-finance of the Structural Funds and the Cohesion Fund.

Romanian Court of Accounts:
  - exercising the external control over the formation, administration and use of the financial resources of the state and of the public sector, and over the way the public and private patrimony of the state and of the administrative-territorial units is managed.

3.2.1 Identification of tasks or projects

1. Completing the harmonisation of the tax legislation and strengthening the fiscal administration
### Programme Fiche Amendment 2005 for Public Finance Sector

#### Task nr 1.3

**Title**: Training and Info Campaign necessary to ensure successful introduction of the EU VAT acquis in Romania

**Explanatory text**: This task aims at ensuring that both the fiscal administration and the taxpayers involved are ready to comply with the harmonised legislation in the VAT field.

**Means**: 2005 - 12 months Technical assistance contract

Team Leader, Key Expert, Short Term Experts

#### Task nr 2.2

**Title**: Strengthening the capacity of the National Paying Authority to ensure a sound financial management for the Structural funds and Cohesion Funds

**Explanatory text**: The context of the protection of EC’ financial interests and taking into account the measures already adopted by the Ministry of Public Finance, further efforts are necessary to ensure a sound financial management of the pre-accession funds till the accession date, and of the structural funds, after accession.

**Means**: 2005 – 15 months Twinning contract

RTA/Project Leader, Short Term Experts, Romanian Experts

#### Task nr 2.5

**Title**: Strengthening of the public internal audit function

**Explanatory text**: The activity of institutional development is performed in parallel with the development of the activities carried on for the protection of the Romanian financial interests and EC financial interests, by improving the procedural framework and by training the staff both from MoPF and other public entities, involved in such activities.

**Means**: 2005 – 18 months Twinning contract

RTA/Project Leader, Short Term Experts, Romanian Experts

#### Task nr 2.7

**Title**: Strengthening the administrative capacity for ensuring the transparency and efficiency of the financial flows to and from the European Union budget

**Explanatory text**: 2
Explanatory text: The aim of this task is to reach a correct implementation of the acquis communautaire and ensure the transparency and efficiency of the financial flows to and from the European Union budget and to improve the institutional capacity of MoPF in order to allow the adequate reflection, within the national budget, of the funds received by Romania in the context of community support framework and also of the amounts paid within the own resources system of the European Union budget.

Means: 2005 – 24 months Twinning Contract
       RTA/Project Leader, Short Term Experts, Romanian Experts

<table>
<thead>
<tr>
<th>Task nr</th>
<th>Title</th>
<th>Relates to priority no.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.10</td>
<td>Strengthening of the School of Public Finance</td>
<td>2</td>
</tr>
</tbody>
</table>

Explanatory text: The School of Public Finance is a young structure, which needs further support in order to fulfill its task to ensure high-standard training to personnel in the field of public finance.

Means: 2005 – 18 months Twinning contract
       RTA/Project Leader, Short Term Experts, Romanian Experts

3. Continuing the implementation of the IT strategy

<table>
<thead>
<tr>
<th>Task nr</th>
<th>Title</th>
<th>Relates to priority no.</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Development and implementation of new IT applications related to the optimisation of the business environment and taxpayers’ assistance</td>
<td>3</td>
</tr>
</tbody>
</table>

Explanatory text: Improvement of the business environment by enlarging the electronic Taxpayer assistance, in order to address specific issues to taxpayer’s category. Strengthening the Tax Administration capacity to collect all the fiscal and social contributions by implementing a unique procedure to submit and process unified electronic forms of declarations from the taxpayers and contributors.

Means: 2005 - 12 months Technical assistance contracts
       Team Leader, Short Term Experts, Romanian Experts

<table>
<thead>
<tr>
<th>Task nr</th>
<th>Title</th>
<th>Relates to priority no.</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.2</td>
<td>Establishment and implementation of the IT structures regarding the administrative cooperation with the other Member States (VIES and SEED/EMCS)</td>
<td>3</td>
</tr>
</tbody>
</table>
**Explanatory text:** Needed in order to develop proper information exchange with the other Member State Administration in the field of VAT and Excises.

**Means:** 2005 – 24 months Technical assistance contract  
Team Leader, Short Term Experts, Romanian Experts

<table>
<thead>
<tr>
<th>Task nr</th>
<th>Title</th>
<th>Relates to priority no.</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.3</td>
<td>Increasing the integration level of new IT and communication systems</td>
<td>3</td>
</tr>
</tbody>
</table>

**Explanatory text:** Needed in order to improve the efficiency of all the functions of the MoPF with the main purpose of increasing the level of working standards.

**Means:** 2005 – 18 months Technical assistance contracts  
Team Leader, Short Term Experts, Romanian Experts  
2005 - investment contracts  
Technical Specifications, Purchase of equipment

*Note:* The project financed through World Bank was finalised at the beginning of 2004 year and the result was that a number of 2600 PCs were procured for a number of 6000 employees within the Directorate of Public Accounting (Annexe no. 6 – Explanatory Note concerning IT investments).

<table>
<thead>
<tr>
<th>Task nr</th>
<th>Title</th>
<th>Relates to priority no.</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.4</td>
<td>Enhancement of IT interoperability between MoPF and National Customs Authority</td>
<td>3</td>
</tr>
</tbody>
</table>

**Explanatory text:** Needed in order to have efficient and correlated exchange of information between MoPF and Romanian Customs Administration.

**Means:** 2005 – 18 months Technical assistance contract  
Team Leader, Short Term Experts, Romanian Experts

<table>
<thead>
<tr>
<th>Task nr</th>
<th>Title</th>
<th>Relates to priority no.</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.5</td>
<td>Enhancement of the integrated web environment in accordance to the EC specific customs system and the national components</td>
<td>3</td>
</tr>
</tbody>
</table>

**Explanatory text:** Needed in order to improve the efficiency of all the functions of the Romanian Customs Administration with the main purpose of increasing the level of working standards.

**Means:** 2005 – 24 months Technical assistance contract  
Team Leader, Short Term Experts, Romanian Experts
4. Improving the Institutional Capacity of the Romanian Court of Accounts

<table>
<thead>
<tr>
<th>Task nr</th>
<th>Title</th>
<th>Relates to priority no.</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.3</td>
<td>Certification of the RCoA staff as international certified auditors</td>
<td>4</td>
</tr>
</tbody>
</table>

**Explanatory text:** Tasks aimed to: update the legal framework; implement the control and audit methodologies, harmonized with the INTOSAI audit standards, with the European guidelines for the implementation of INTOSAI audit standards and with IFAC standards; improve the efficiency of human resources; improve the organization, management and internal communication system; adopt an efficient policy regarding external communication system; adopt an efficient policy regarding external communication.

**Means:** 2005 – 12 months Technical assistance contract

Team Leader, Short Term Experts, Romanian Experts

<table>
<thead>
<tr>
<th>Task nr</th>
<th>Title</th>
<th>Relates to priority no.</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.4</td>
<td>Improving the human resources management and the internal information flow of RCoA</td>
<td>4</td>
</tr>
</tbody>
</table>

**Explanatory text:** Tasks aimed at improving the use of information technology in support to the activities, strengthening the institutional capacity and improving efficiency and effectiveness of the Court’s operations.

**Means:** 2005 and 2006 - investment contracts

Technical Specifications, Purchase of equipment

**The proposed projects** are:

<table>
<thead>
<tr>
<th>Project No</th>
<th>Title</th>
<th>Number of tasks</th>
<th>Relates to priority</th>
<th>Total Phare cost €Mio</th>
<th>Starts at MM/YY</th>
<th>Ends MM/YY</th>
<th>Implementation tools</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Completing the harmonisation of the tax legislation and strengthening of the fiscal administration</td>
<td>3</td>
<td>1</td>
<td>0.60</td>
<td>July 2006</td>
<td>March 2008</td>
<td>Twinning Technical assistance</td>
</tr>
<tr>
<td>2</td>
<td>Continuing the development of the legal framework and of the administrative capacity for the strengthening of the</td>
<td>4</td>
<td>2</td>
<td>3.20</td>
<td>January 2006</td>
<td>June 2008</td>
<td>Twinning Technical assistance</td>
</tr>
</tbody>
</table>
The list of projects within the Multi-annual Programming 2004 – 2006 which are financed from the budget of more than one year:

<table>
<thead>
<tr>
<th>Task no and Title</th>
<th>2004 budget</th>
<th>2005 budget</th>
<th>2006 budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Completing the harmonisation of the tax legislation and strengthening the fiscal administration</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1. Completing the harmonisation of the tax legislation and strengthening the fiscal administration</td>
<td>2004</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.2. Strengthening the fiscal administration reform</td>
<td></td>
<td>2006</td>
<td></td>
</tr>
<tr>
<td>3. Continuing the implementation of the IT strategy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1. Development and implementation of new IT applications related to the optimisation of the business environment and taxpayers’ assistance</td>
<td>2004</td>
<td>2005</td>
<td>2006</td>
</tr>
<tr>
<td>3.2. Establishment and implementation of the IT structures regarding the administrative cooperation with the other Member States (VIES and SEED)</td>
<td>2004</td>
<td>2005</td>
<td></td>
</tr>
<tr>
<td>3.3. Increasing the integration level of new IT and communication systems</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Technical assistance</td>
<td>2004</td>
<td>2005</td>
<td>2006</td>
</tr>
<tr>
<td>- Investments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Improving the Institutional Capacity of the Romanian Court of Accounts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.3. Certificatation of the RCoA staff as international certified auditors</td>
<td></td>
<td>2005</td>
<td></td>
</tr>
<tr>
<td>4.4. Improving the human resources management and the internal information flow of RCoA</td>
<td></td>
<td></td>
<td>2005</td>
</tr>
<tr>
<td>4.5. Continuing the certification of the RCoA staff as international certified auditor</td>
<td></td>
<td></td>
<td>2006</td>
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<tr>
<td>4.6. Improving the information flow at national level</td>
<td></td>
<td></td>
<td>2006</td>
</tr>
</tbody>
</table>
3.3 Linked Activities:

Within 2002 Phare Programme, the Ministry of Public Finance benefits of the sub-programmes: 000-586.03.04 “Support for the Strategic Plan of the Ministry of Public Finance”, which has the objective of supporting priority actions during the period 2003/2005 that are stated in the strategy document prepared by the Ministry of Public Finance for the period 2002 – 2006.

Regarding the harmonization of the national legislation with the acquis communautaire in the VAT field, the Ministry of Public Finance benefits from technical assistance through the project 2002/000-586.03.04.07 – “Legal approximation in the VAT field” and for the improvement of the VAT processes, a project proposal for bilateral assistance from part of Holland was sent by the Ministry of Public Finance. Also, there is in process a Phare project, respectively 2002/000-586.03.04.11 – “Increasing the tax collection level by improving taxpayers voluntary compliance by building the internal capacity of the Ministry of Public Finance to develop by itself information communication campaigns and a modern taxpayer assistance activity”, but information and training activities are still needed for the proper implementation of the legislation in this field.

In order to ensure the efficient management and control of the Eu funds and also public funds, a twinning project, respectively 2002/000-586.03.04.05.01 - Set-up of the Paying Agency within the Ministry of Public Finance to ensure efficient management and control of EU and public funds in compliance with the EU acquis (RO02/IB/FI-12) is in process and one investment project 2002/000-586.03.04.05.02 - Strengthening the National Fund capacity to correctly and efficiently manage Community funds in Romania was already finalised.

In the public internal audit field the Ministry of Public Finance benefits of technical assistance through the on going Phare project 2002/000-586.03.04.13 – “The development of the performance audit and system audit in Romania”.

Regarding the financial flows to and from the EU budget, the Ministry of Public Finance, also, benefited from one twinning light project within 2001 Phare Programme that was implemented in first semester of 2003: RO 0106.06 “Initiation of the process for creation of a model for Simulation the Romanian contribution to the European Union Budget” (RO 2001/IB/FI-08) which has as results a theoretical model for simulation the contribution to EU budget and experts trained on the implementation of the computing methodologies for the Romania contribution to the EU budget.

In present another project focused on this issue - 2002/000-586.03.04.02 - „Design and implementation of a complete model for simulation of the Romanian contribution to the European Union Budget” (RO02/IB/FI-05) is on going. Among the results of the project, there are the followings: a complete simulation model for the Romanian contribution to the EU budget – presenting the own resources deriving from customs, levies, VAT and VNB resources and other taxes; working procedures and informational flows between the institutions involved in order to assure an uniform management of the Romanian contribution to the EU budget; experts trained for the computing of the contributions.

For the sustainability of these results, within the Ministry of Public Finance was set up the body, which will be responsible with the accountancy of the financial flows from and to the EU budget.

Phare Programme RO9804.01 - Institution Building for the Ministry of Finance aimed at strengthening the capacity of the Ministry of Public Finance to manage the acquis. The
assistance was targeted, among others, to setting-up the School of Public Finance. In present technical assistance is provided to the Ministry of Public Finance through a twinning project, respectively 2002/000-586.03.04.14 - School of Public Finance (RO02/IB/FI-09), aiming at increasing the professional capacity for the experts from public finances and customs, through a conceptual training infrastructure of the Ministry of Public Finance and standardized training activity procedures.

The American Treasury provided technical assistance to the Ministry of Public Finance, in view of achieving the 2004 and 2005 Budget brochures with an in-depth analysis and a higher distribution than in 2003. Also, the representative of USA Treasury provided assistance in the elaboration of written procedures for budgetary elaborating steps, which were adopted by the Ministry of Public Finance in 2004.

The Programme 2003/005-551.03.04 – “Support for the Ministry of Public Finance in the implementation of the IT strategy” is focused on the development and implementation of the integrated solution for the IT system, in order to support the Ministry of Public Finance functions (IT Strategy and Action Plan – phase 2003). The 2003 Phare Programme is under contracting phase.

Within the customs Phare projects including the horizontal projects, RCA covers and completes its development NPAA priorities, as follows:

RO 2002/000-586.04.03 (Connection of the Romanian Customs’ systems with the EU systems) will achieve full compatibility and inter-operability of the Romanian Customs systems with the EU systems, enabling the exchange of computerised data between the Romanian Integrated Customs Information System (ICIS) and the European Commission and the EU Member States system through: the completion of the preparation for adhesion to the Common Transit Convention and implementation of NCTS, completion of the implementation of the Romanian Integrated Customs Tariff, fully compatible with the European Community Integrated Tariff (TARIC), preparation of RNCA systems for the connection with the DG TAXUD databases, and connection of RNCA systems with the CCN/CSI system.

RO 2003/005-551.04.18 (Assistance to the National Customs Authority in settlement of its capacity for the integration into EU Customs Union) will contribute to the strengthening of the operational capacity of the national Customs Authority in accordance with the EU standards in key areas of the customs business through: investment support in Constanta Port for the surveillance and control activities, organisation of the customs laboratories network, enhancement of the customs administration participation into the integrated border management system in relation with combating frauds, corruption and organized crime, preparation for the adhesion to the Convention referring the use of the IT in customs purposes (CIS).

“Further Development of the System for Strengthening the Romanian Borders” project as part of the Programme “Strengthening Border Management and Control” (SBMC) will sustain the alignment to the EU Acquis in the field of border management and control in preparation for accession to the EU and also will support the further modernization of the sub-systems for securing of the Romanian borders in accordance with EU best practice in relation to the border management, including the Schengen Acquis, through optimisation of the Institutional System and of the System of Human Resources within the Border Police and National Customs Authority, further Development of the System for Strengthening the Romanian Borders.
In the year 2000, the **Romanian Court of Accounts** has been subject to a peer review performed by SIGMA and SAIs from Member States of the European Union. Based on conclusions and recommendations made in the Background paper, the Court has developed and approved its Strategic development plan for the period 2001-2004, setting as the priority strategic objective “strengthening of responsibility for the use of public funds in Romania”.

**PHARE 2000**

The Romanian Court of Accounts benefited from non-refundable financial aid within the **PHARE RO 0006.07 program**, having as a general objective the strengthening its institutional capacity. The program’s amount was 1.6 million EURO, to which was added a national co-financing in amount of 0.175 million EURO.

The program had two components:

The twinning component (Twinning 0.9 million EURO), carried out jointly with United Kingdom’s NAO (and with the contribution of the Greek Court of Audit), ended in September 2003. The main activities were aimed at: development of jurisdictional activity; updating the legal framework; introduction of the performance audit, development of the financial audit and introduction of the audit of the EU funds; improved management and organization of the human resources; development of IT support and introduction of Computer Assisted Audit Techniques.

The investment component, amounting to 0.7 million EURO, plus 0.175 million EURO national co-financing, had as an objective “The Development of the IT support for the management of the Court of Accounts, the audit activity and the staff training”.

**PHARE 2001 – SAPARD**

Starting with 2003, the Romanian Court of Accounts, in its position of Certifying Body of the SAPARD Agency accounts, benefits of technical assistance granted to the SAPARD Agency through the **PHARE RO 0106.07 component and financed through PHARE 2001 Program**. 

The Program for the Court of Accounts as certifying body has two components.

The first component, focused on professional training, comprised training courses of the staff involved in the activity of SAPARD funds certification (training finalized in 2003), with the purpose of improving the theoretical knowledge and practical abilities of the staff with specific attributions in auditing the funds granted through the SAPARD program.

The second component is oriented at assistance and long-term consultancy in the domain of SAPARD program auditing. This component is already running and will last 12 months, until December 2004.

**PHARE 2002**

The Romanian Court of Accounts will receive from the EU non-refundable technical assistance through the **PHARE RO-2002/000-586.03.03 program**, having as a general objective the further consolidation of the institutional capacity. The total amount of the program is of 2.1 million EURO, plus 0.367 million EURO from national co-financing.

The program includes three components:

The twinning component, amounting to 0.8 million EURO, implemented through a Twinning Covenant concluded between the Romanian Court of Accounts and the Spanish Court of Accounts in cooperation with the German Court of Accounts, which has the following objectives:
To develop the audit of funds granted to Romania by the EU and by other international financing sources, in line with the European and international standards for external auditing of public money;

To organize training courses for the specialized staff that performs the audit of privatization;

To continue the development of financial audit, at central and local level;

To improve the professional training of the Court’s staff for auditing the following specific domains: health, banking sector, grants, subsidies or other forms of financial aid of the state;

Training courses aimed at enabling the Court’s auditors to identify criminal activities such as fraud, corruption, tax evasion and money laundering, establishment of legal accountability and prosecution of the responsible persons.

The Twinning Covenant was signed and it will be carried out during two years, starting with November 2003.

The technical assistance component, amounting to 0.2 million EURO, is aimed at training 50 of the Court’s staff to obtain the professional certification as international auditor.

The investment component, amounting to 1.1 million EURO, plus 0.367 million EURO national co-financing, is aimed at connecting the RCoA with other public institutions, the development of an information system regarding the control/audit activity, the continuation of equipping the Court of Accounts with IT equipment and the modernization of four new professional training centers.

**DFID**

The Court of Accounts benefited of a financial assistance program granted by the United Kingdom’s Governmental Department for International Development (DFID), which is responsible for promoting worldwide development and fight against poverty. The project had three stages, namely:

**Stage 1** – technical assistance, having as main objective the improvement of Romanian public expenditure audit activity, based on international and European standards. This stage lasted from October 2000 to October 2001.

**Stage 2** – training the RCoA staff in the area of auditing the privatization process according to INTOSAI Standards. The program lasted throughout the year 2002 and consisted in training of 170 employees.

**Stage 3** – will be running during 2003 – 2005 and has as an overall objective the implementation of financial and performance audit according to international and European standards. Its main specific objectives are to contribute at the improvement of the efficiency of the public spending in Romania, to support the RCoA in the process of Romania’s integration in the European structures and to perform its audits according to the International Audit Standards. The third stage began with the planning process meant to identify the directions for the future assistance and its implementation started in January 2004.

**WORLD BANK**

In May 2001 the World Bank organized and sponsored a three-days training course in the domain of external audit of budgetary funds, attended by 300 auditors of the RCoA.

At the end of 2003, the Romanian Court of Accounts has submitted a request for receiving a loan from the World Bank included in the Private-Public Institution Building Loan
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(P.P.I.B.L.) project. These funds will be allocated for training the audit staff in financial audit and accruals accounting.

3.4 Lessons learned:
See also Annex 6.

All Programmes implemented within the Ministry of Public Finance have made a major contribution or are positively contributing to the objectives of the Accession Partnership and Roadmap, through strengthening the institutional and administrative capacity to implement the acquis communautaire.

Also, all the conclusions and recommendations made by the evaluation performed by EMS Consortium (September and October 2003), by previous meetings of the Sector Monitoring Sub-Committee no. 4 “Strengthening the administrative capacity – Public Function and Public Finance” were taken into consideration in the tasks proposed for 2005 Phare.

4 Expected Results of the programme

1. Completing the harmonisation of the tax legislation and strengthening the fiscal administration

1.3 Regarding the training and Info Campaign necessary to ensure successful introduction of the EU VAT acquis in Romania (2005 task)
   - Specific information and education campaign about changes in the VAT field;
   - 400 trained persons in the new VAT legislation field.

1.2. Regarding the fiscal administration reform (2006 task):
   - Know-how transfer on how to reduce tax fraud and evasion;
   - Proposals for improving the assistance services for taxpayers;
   - Standardized methodological framework regarding internal and international cooperation;
   - Communication strategy;
   - Strategy regarding the dissociation of tax administration activity in “front office” and “back office”;
   - Increased competence of staff in fiscal administration;
   - Updated action plans for the tax administration field training;
   - Improved professional training structure.

2. Continuing the development of the legal framework and of the administrative capacity for the strengthening of the public finance management

2.2 In the Community funds management (Paying Authority - 2005 task):
   - Set of management and control systems fully tested and improved;
Set of management and control systems fully updated in accordance with the needs emerging from the daily implementation of the structural instruments;

Structural and Cohesion Funds managed by the National Paying Authority, implemented in accordance with the EC requirements;

Certified declaration of expenditures in accordance with the internal audit standards;

Increased competence of personnel able to manage the structural instruments in accordance with the EC regulations.

2.5 In the public internal audit field (2005 task):

Designed strategy for CHUPIA, including elements of protection of the national and EC financial interests;

Implementation of the secondary legislation for assuring the protection of the financial interests for national and EC funds;

Professionally trained auditors:

audit manuals and guides on audit on assuring the protection of the EC financial interests;

functional web-based training;

a programme for continuous training for internal auditors from both central and territorial level, including modules on EU funds established;

Strengthened role and functions of the public internal audit units;

Strengthened cooperation between units involved in public internal audit from different main line ministries and Romanian Court of Accounts;

Improved networking relations of CHUPIA with the internal audit units in the line ministries in order to provide proper guidance and coordination and between the internal audit units within the line ministries.

2.7 Regarding the institutional capacity of MoPF in order to allow the adequate reflection, within the national budget, of the funds received by Romania in the context of community support framework and also of the amounts paid within the own resources system of the European Union budget (2005 task):

Organizational framework completed (further strengthened co-ordination unit) and improved competences of the personnel from the special Unit for coordination of financial relations with EU, within the Ministry of Public Finance, of contacts with EU and reporting in this field, in order to ensure efficient and transparent financial flows to and from European Union budget;

Application Norms of EC decisions regarding the financial relations by implementing the current and/or revised legal framework on the development of the financial operations between Romania and EU;

Methodology in place for coordination the relation between the EU budget and the national budget and know-how transferred for a number of 15 experts regarding the monitoring of the EU Budget annual procedures;

Personnel trained involved in the coordination activity of the financial cash-flows and information flows defined between national structures and determined by the relation with EU budget, especially working procedures developed for national budget planning;
Presentation and analysis of the new proposals of European Commission related to financial framework 2007-2013, negotiations and the main positions of the Member States, the procedures for formulating the policies of annual strategy;

20 workshops at the customs offices’ level (10 regional directorates) related to the activity for filling in and transmission to the Coordination Unit of the A and B account regarding the traditional own resources;

Statement of the VAT base computed for 2005 year – as real base for computing the VAT resource of the draft annual budget for 2007 year;

Methodology and procedural framework in place for reflecting each type of fund received from EU, within the national budget, as well as the Romanian contribution to the EU budget;

Know-how transferred, improved competences for a number of 20 budget experts in order to ensure a proper inclusion, in the national budget, of the EU financial assistance and the related co-financing, and the Romanian contribution to the EU budget.

A detailed description, for each type of fund, of the precise circuit and sequence the financing must follow, timing and availability of national co-financing;

Description of the way to reflect in the national budget the possible down-payments made by Romania, in the name of the EU financial assistance, to be later reimbursed by the EU;

Budgetary classification that reflects both the funds received from EU and the related co-financing, and the Romanian contribution to the EU budget, assuring the transparency and high informational content of the national budget;

Recommendations to adapt the existing budget legal framework according to the EU regulations (for ex. the principle of budgetary flexibility) for all the EU funds to be received after accession, as well as for the Romanian contribution to be paid to the EU budget.

2.10 Regarding the development of the School of Public Finance (2005 task):

- An improved and functional organizational SoPF structure, able to ensure long term training strategy development, the creation of quality indicators and a tracking mechanism, liaisons with similar national and foreign institutions in order to organize international seminars, on specific fields, and the initiation of experience exchange activities with EU candidate or member states, on training topics;

- Legal framework and regulations to organize paid trainings for the private sector and for using the funds obtained for the development of the School’s activity;

- Quality standards and certification and control procedures;

- An internal and external communication system, of SoPF with other structures from MoPF and without MoPF;

- Increased competency of the staff involved in the training process and a training roadmap defined on the basis of the professional practices of the European Community;

- Training performance indicators used by SoPF;

- Field curricula, accessible on Intranet;

- Increased competency of specialists from SPF and from the other directorates within MoPF in fields like: teamwork, leadership, organizational culture, client-orientated services, project management, time management, cost management;
• Unitary and performing software for training needs analysis, course offer, evidence records on persons and directorates, compatible with other IT systems (National Agency for Tax Administration, National Institute of Administration), monitoring system of training and quality control system.

3. Continuing the implementation of the IT strategy

3.1 Regarding the development of the business environment and taxpayers’ assistance systems (2005 and 2006 task):

• E-Government – taxpayers are able to interact with the Administration at different levels, according to the objectives of eEurope+ (program in implementation in Romania, to which the MoPF is part);

• Transition to the processing focused on document and not on data related to the tax return forms and payment documents;

• Integrated IT System in a centralized database and communication architecture, using web technologies in order to support all the MoPF activities and offer better services to taxpayers through Internet;

• New IT applications developed for the taxpayers assistance especially for submitting the tax returns through Internet and other electronic means;

• Portal of the MoPF established and connected to the Portal of Public Administration;

• Increased electronic exchange of information with other central and local administration;

• Collection of budgetary incomes and social contributions ensured through a single procedure that also includes collecting data once for several institutions and communication with these institutions established (Pensions House, Health Insurance House, Social Insurance Agency – further named Social Contributions Houses);

• Improved assistance to the taxpayers through electronic interfaces (e-readiness indicators will be used);

• New IT applications for the taxpayers assistance especially for submitting the tax returns through Internet for all taxpayer categories (large/small, natural/legal person) and for electronic payment;

• Integrated IT system in the field of supporting the business environment and taxpayers assistance;

• Reduced costs, by decreasing the investment needed to support a centralised solution;

• Decreased corruption, by the electronic collection of taxes and eliminated standing in queue;

• Controlled tax collection;

• Increased budget control and better cash-flow management;

• Organisation of the Customs “Call Centre” included into EC operating environment for services oriented purposes related to the TARIC, TQS, NCTS, AFIS, ECS, CCN/CSI:
  - Information management system operational
  - Complaint management system operational
- Customs systems dedicated to the Help desk technical and business, operational
- Training for the involved personnel fulfilled

- Terms of reference and technical specifications drafted, related to the TA and INV dedicated to this component

3.2 Regarding the **IT administrative cooperation and CLO:**

**2005 task:**

**EMCS system phase 2 in place:**

- Analyzing and evaluating of the recommendations for further developments of the EMCS system phase 2, in order to respond to the EU recommendations and the functional needs for the national system;
- Designing, developing, testing and implementation of the new functional requirements related to the excise information exchange EMCS phase 2, in conformity with the new documents issued by the European Commission during the project implementation and also taking into account by the ITIS environment
- Evaluating the technical needs for the implementation of Phase 3 of the EMCS System.

3.3.1 Regarding the **integration of the new IT systems** (technical assistance):

**2005 task:**

- New IT&C infrastructure management tools:
- Centralised management of the IT infrastructure;
- Centralised management of the telecommunications infrastructure;
- Centralised management of the databases and applications;
- New IT sub-systems or new features added to the existing ones, re-engineering of the existing sub-systems:
- Automated budgetary process by achieving the interrelations between Budgetary Programming, Public Investment Monitoring and Prioritisation, Budgetary Revenues Estimation enhanced by enlarging the addressability of the project to include smaller public investments;
- Track management enhanced related to the invoices issued by the suppliers to the clients in the frame of investment contracts;
- Enhanced Data warehouse for Public Accounting and Public Contracts information with new information and new services offered to the end-users;
- Improved State revenue collection and management;
- Improved management of the control activity based on risk analysis based on new sources of data concerning the taxpayers;
- Improved Extended Decentralized Implementation System (EDIS);
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- Integrated track management of the invoice issued by the suppliers to the clients with information about investment contracts;
- Enhanced assisted Audit for Public Institutions;
- Improved storage and archiving data procedures;
- Increased capacity of IT staff in new software products and in methods and tools to develop the new applications in the proposed technologies; increased capacity of IT staff to manage the IT&C infrastructure;
- Methodologies and working procedures approved and applied, including published guidelines;
- Services Letter Agreement (SLA) related to the inter-institutional information exchange;
- OWR system related IT and communication component developed, implemented and integrated into ICIS, including adapted access security norms applied, computing and communication infrastructure enhanced;
- Allocated personnel trained;
- Terms of reference and technical specifications drafted, related to the TA and INV dedicated to this component.

2006 task:
- Extension of the project for invoices management if new requirements are growing or changes of the current specifications are required;
- Increased capacity of staff in analysis, development and programming activities, specific to the methods and tools proposed, project management, management of the system, databases, applications, communications and the inventory.

3.3.2 Regarding the integration of the new IT systems (investment):

2005 task:
- Existing hardware, software and communications infrastructure in place to support the target integrated, unique, centralised IT system:
  - Up-grade hardware, software and communications at central level, purchased in order to increase the capacity of the centralised databases, web enabled applications, to enhance the security procedures and to support the data warehouse to be developed;
  - Implemented strategy and technical solution of data safety, security and confidentiality procedures and recovery in disaster cases and improved management of the emergency situations based on appropriate IT architecture and broadband communications system (up-grade of hardware, software and communications for the Disaster Recovery Centre in order to become Business Continuity Centre);
  - Up-dated data security system for data storage, transmission and usage; data access control system;
Ensured high performance broadband IP WAN to connect the 450 remote sites to the central site;

Workstations (WS), printers, communications equipment to contribute to increase the ratio WS/staff from 60% to 80% (9,400 this project)

2006 task:

- Existing hardware, software and communications infrastructure in place to support the target integrated, unique, centralised IT system:
  - Upgrade hardware, software and communications at central level, purchased in order to increase the capacity of the centralised databases, web enabled applications, to enhance the security procedures and to support the data warehouse to be developed;
  - Implemented strategy and technical solution of data safety, security and confidentiality procedures and recovery in disaster cases and improved management of the emergency situations based on appropriate IT architecture and broadband communications system (up-grade of hardware, software and communications for the Disaster Recovery Centre in order to become Business Continuity Centre);
  - Up-dated data security system for data storage, transmission and usage; data access control system;
  - Ensured high performance broadband IP WAN to connect the 450 remote sites to the central site;
  - Workstations (WS), printers, communications equipment to contribute to increase the ratio WS/staff from 80% to 90% (6,000 this project)

3.4 Regarding the IT interconnectivity with the National Customs Authority (2005 task):

- Realization of the interoperability with other systems and databases of the European Commission regarding Romania’s own resources contribution to EU budget by accurate results of the simulations taking into account all data sources, NCA included;
- “Fiscal files” and “Fiscal criminal files” record information about taxpayer’s behaviour in Customs or direct access to this information is granted to support fiscal control activity: data queries and data requests for information are identified and procedures (manual and automatic) are in place to respond;
- Facilities of electronic payment developed for taxpayers are expanded to Customs duties of the trade operators;
- Unification of systems and databases of NCA with the databases of MoPF.

Traditional Own Resources (TOR) system should obtained the following results at the National Customs Authority:

- Establish the necessary structure involved in the management of the TOR;
- Elaboration the working methodologies norms, accounting procedures, information flows, responsibilities and jobs description;
Development and implementation an IT component, interconnected with ICIS and also in accordance with EU requirements related to Onwres System;

Training of the customs staff and IT personnel;


IT component should allow at the customs offices level the following:

- Taking over of the specific data in order to have an distinct customs duties established and collected as well as of the customs duties for agricultural products established and collected;
- Manage TOR specific data;
- Obtaining the monthly “A” account statement and the quarterly “B” account statement in accordance with EU requirements related to TOR;
- Sending TOR specific data to the high level.

IT component should allow at the Regional Customs Directorates and central level the following:

- Centralise TOR specific data at the inferior level;
- Reporting TOR specific data to the Coordination Unit within Ministry of Public Finance.

3.5 Regarding the enhancement of the integrated web environment in accordance to the EC specific customs systems and the national components (2005 task):

- Operations of the Customs Department in the area of exportation reviewed;
- Working practices, procedures and organizational framework established, allowing export system to operate complying the EU requirements;
- Communication node, provided by the Commission installed and tuned, to meet the ECS requirements;
- Necessary interfaces, based on API specifications provided by the Commission, with the existing national Customs information system designed, developed and implemented and necessary adjustments in customs declaration processing system (cdps) implemented;
- ECS application software system tested and implemented nationally;
- Training needs analysed, training scheme developed, training provided for Customs personnel in the operational and technical requirements of the systems on the basis of train the trainers approach;
- User manuals prepared and delivered;
- System administrator manuals prepared and delivered.

4. Improving the institutional capacity of the Romanian Court of Accounts
4.3 Regarding certification of the RCoA speciality staff as international certified auditors (2005 technical assistance task):

Specialised staff trained in the implementation of INTOSAI Audit Standards, of the European Guidelines for the implementation of the INTOSAI Audit Standards and of the IFAC International Audit Standards and staff certified as international auditors.

4.4 Regarding the improvement of the human resources management and the internal information flow (2005 investment task, subject to the recommendations of a needs assessment to be conducted in 2004 on the investment requirements of the RCoA)

- Integrated solution for IT system (hard and soft) for a time resource planning and monitoring system
- Good quality training facilities for managers and staff.
  - sound installation for simultaneous translation for 30 staff/centre (for 6 centres), furniture (tables, chairs) for each of 6 professional training centres;
  - 200 desktops and 110 printers procured.
- Real-time information flow of the Court’s management with the local audit structures - pilot
  - national video-conference system set up.

4.5 Regarding further certification of the RCoA speciality staff as international certified auditors (2006 technical assistance task):

Speciality staff trained in the implementation of INTOSAI, IFA and ISA Audit Standards, of the European Guidelines for the implementation of the INTOSAI Audit Standards and staff certified as international auditors.

4.6 Regarding the improvement of the information flow at national level (2006 investment task, subject to the recommendations of a needs assessment to be conducted in 2004 on the investment requirements of the RCoA)

- Good quality training facilities for managers and staff.
  - sound installation for simultaneous translation for 30 staff/centre (for 5 centres), furniture (tables, chairs) for each of 5 professional training centres;
  - 200 desktops and 110 printers procured.
- Real-time information flow of the Court’s management with the local audit structures - pilot
  - national video-conference system set up.

5 Detailed Budget

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<th>Year 2005</th>
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<table>
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<th>Support</th>
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Detailed allocation for Investment/Institution Building for 2005:

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<td>Other Sources (**)</td>
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</table>

Year 2005 Institution Building support

<table>
<thead>
<tr>
<th></th>
<th>Phare support</th>
<th>National Public Funds (*)</th>
<th>Other Sources (**)</th>
<th>Total Co-financing of Project</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project 1</td>
<td>0.60</td>
<td></td>
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<tr>
<td>Project 2</td>
<td>3.20</td>
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<td>3.20</td>
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<tr>
<td>Project 3</td>
<td>7.90</td>
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<td>7.90</td>
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<tr>
<td>Project 4</td>
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<td>1.00</td>
</tr>
<tr>
<td>IB support</td>
<td>12.70</td>
<td></td>
<td></td>
<td></td>
<td>12.70</td>
</tr>
</tbody>
</table>
(* contributions form National, Regional, Local, Municipal authorities, FIs loans to public entities, funds from public enterprises
(**) private funds, FIs loans to private entities
The co-financing amount will be included in the MoFP’ budget for the relevant contracting year, that is 2006 for 2005 contracts and 2007 for 2006 contracts.

<table>
<thead>
<tr>
<th>Twinning</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td></td>
</tr>
<tr>
<td>2.2 Strengthening the capacity of the Paying Authority to ensure a sound financial management for the Structural funds and Cohesion Funds</td>
<td>0.80</td>
</tr>
<tr>
<td>2.5 Strengthening of the public internal audit function</td>
<td>0.80</td>
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<tr>
<td>2.7 Strengthening the administrative capacity for ensuring the transparency and efficiency of the financial flows to and from the European Union budget</td>
<td>1.00</td>
</tr>
<tr>
<td>2.10 Strengthening of the School of Public Finance</td>
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</tr>
<tr>
<td>TOTAL 2005</td>
<td>3.20</td>
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</table>

6 Implementation Arrangements

6.1 Institutional Framework
Following the amendments to the Law on functioning and organizing of the Ministry of Public Finance and National Agency of Tax Administration, made by the Government Decisions no. 208/2005 and 436/2005, the name of the directorates within the projects will be implemented was modified as follows:

1.3 General Directorate Legislation of Direct Taxes, National Agency of Tax Administration (General Directorate for Administration of Taxes and Contributions; General Directorate for Regulating the Budgetary Debts’ Collection; Directorate for Financial Control; Directorate of Methodology and Procedures for Fiscal Inspection)

2.2 Paying Authority;

2.5 Central Unit for Harmonising the Public Internal Audit; Directorate of Public Internal Audit;

2.7 Unit for Coordinating the Budgetary Relation with European Union and General Directorate of Synthesis for Budgetary Policies;

2.10 General Directorate of Human Resources and Policies (School of Public Finance);

3.1, 3.2 and 3.3 General Directorate of Information Technology;

3.4, 3.5 General Directorate of Information Technology and National Customs Authority;
4.3, 4.4 will be implemented within the Court of Accounts.

6.2 Implementing authority
Unchanged

6.3 Implementing agency
Central Finance and Contracts Unit (CFCU) / Ministry of Public Finance
Mircea Voda bvd, no. 44, sector 3, Bucharest, Romania.
  Phone: +40 21 326.55.55
  Fax: +40 21 326.87.30
  Email: carmenrosu@cfcu.ro

6.4 Implementation Schedule
See Annex 2.

The Implementing Authority will ensure all the human resources needed for the proper implementation of the projects.

6.5 Monitoring and indicators of achievement

The programme will be monitored in the Sector Monitoring Sub-Committee no. 4 “Strengthening the administrative capacity – Public Function and Public Finance” that meets twice a year, and the Joint Monitoring Committee for Phare Programmes that meets annually.

The technical implementation of the projects will be monitored by the Phare Programme Implementation Units from the Implementing Authorities of the programme.

The proper implementation of the project will be monitored by the following means:
- The Steering Committee meetings;
- Periodical reports;
- PIU’ monitoring system;
- Interim Evaluation Reports;
- The indicators afferent.
Programme Fiche Amendment 2005 for Public Finance Sector

ANNEXES TO PROGRAMME FICHE

1. A sector programme monitoring sheet
2. Detailed implementation chart
   2.1. Contracting and payment schedule as graphs, by quarter, for full duration of the programme
3. Reference list of relevant laws and regulations
4. Reference list of relevant strategic plans and studies
5. Logframes for all tasks or projects listed in the summary table
6. Lessons Learnt