



Comprehensive redesign of the licensing system in Romania

# Enhancing the business environment in Romania through industrial and manufacturing licensing simplification



Industrial zone in Bucharest  
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# 1. Key findings and policy actions

MAIN FINDINGS	KEY POLICY ACTIONS
<b>Simplifying licensing procedures</b>	
<b>MECHANISM 1. Establish a single industrial licence</b>	
<ul style="list-style-type: none"> <li>● <b>Licensing procedures are overtly complex and not homogeneous</b>, with multiple requirements and demands for applicants the <b>purpose of which is sometimes unclear</b>.</li> <li>● <b>This complexity creates delays and costs for business</b>, which often have to resort to professionals or mediators to explain and handle their licensing obligations, and for the public administration, which has to handle applications that might lack the necessary information and documents.</li> <li>● <b>Deadlines for administrative decisions are long</b>, leaving business often in a limbo.</li> <li>● <b>The institutional set-up for delivering licences is complex</b>. The licences are issued by various institutions which are subordinated to different ministries (or other public institutions) requiring investors to deal with multiple stakeholders that require the same documents multiple times.</li> </ul>	<ul style="list-style-type: none"> <li>● Integrate existing scattered licences into one <b>single industrial licensing (SIL) procedure</b>.</li> <li>● The SIL will classify <b>industrial and manufacturing</b> activities into categories, according to their inherent risks.</li> <li>● Establish <b>standardised SIL procedures</b> for the different risk categories; these procedures would make the approval process more in line with the effective risk level.</li> <li>● Within the SIL, low-risk activities will benefit from a <b>zero-licensing regime</b>, allowing investors to carry out their projects almost immediately after notifying the competent public authorities.</li> <li>● Within the SIL, high-risk and medium-risk activities will have dedicated procedures, undergoing a significant degree of scrutiny before being able to start within the SIL.</li> <li>● The SIL procedures will establish mechanisms to <b>prevent decision deadlocks</b>, promoting clear communication of needed documents and information.</li> <li>● Enable a <b>Coordinating Body</b> to overview and manage the whole licensing journey, on behalf of the public administration, to significantly facilitate the application for business licensing.</li> </ul>
<b>MECHANISM 2: Adopt rules that prevent complexity and excessive bureaucracy</b>	
<ul style="list-style-type: none"> <li>● The <b>“silence is consent” principle is not applied</b>, which delays decision times.</li> <li>● <b>Double licensing</b> is also a key challenge. Local authorities require businesses to prove that they have procured other national-level licences in order to operate and be able to function. Ultimately, a business needs to obtain the same licence or authorisation twice.</li> </ul>	<ul style="list-style-type: none"> <li>● <b>Establish clear tacit approval (silence is consent) policies</b> that increase public institutions’ accountability and service quality.</li> <li>● <b>Adopt the once-only principle</b>, which enables any investors’ right to only be required to supply the same information or documents to public institutions once and, conversely, the duty of public institutions to share that information with other public institutions that need it.</li> <li>● <b>Abolish dual controls</b> and requirements on industrial and manufacturing licensing, such as requirements to perform similar procedures in more than one public instance (e.g., at national level and at local level).</li> <li>● <b>Eliminate requirements to periodically renew licences</b> or to obtain stamps that are merely bureaucratic; these practices do not add value to the public interest and burden business.</li> <li>● Ensure a coherent use of the legal terms and classification of licences by creating a <b>taxonomy of industrial licences</b> and enabling a better understanding from the general public on the meaning and purpose of the licensing procedures.</li> </ul>

# 1. Key findings and policy actions

MAIN FINDINGS	KEY POLICY ACTIONS
<b>Establishing and enhancing digital business platforms in Romania</b>	
<b>MECHANISM 3. Implement tools for a modernisation of the licensing framework</b>	
<ul style="list-style-type: none"><li>● There is no <b>effective single point of contact</b> for all business licensing or for relevant broad categories of business licensing procedures, where business licences may be obtained, either through traditional service channels (such as physical one-stop shops) or through digital services.</li><li>● The <b>means for applying</b> for a licence are not homogeneous: some licences admit online procedures, others involve physical visits to local or central offices, and others allow applications to be submitted by post or even by fax.</li><li>● With some exceptions, it is <b>difficult to find clear and accessible guidelines</b>, in plain language, concerning businesses' obligations towards public institutions.</li><li>● <b>Websites often contain mere references and links to applicable laws</b> and regulations and even these are not always complete and comprehensive.</li><li>● A recently adopted Public Policy for e-Government seeks to address some of these challenges for business. However, it does provide for a roadmap to guide implementation.</li></ul>	<ul style="list-style-type: none"><li>● Develop the <b>existing Electronic Point of Single Contact</b> – edirect.e-guvernare.ro – into the hub for all matters concerning business licensing. Existing online services like the Trade Registry can be linked to the Electronic Point of Single Contact.</li><li>● Provide clear and easy access to information on business licensing procedures through a <b>licence simulator</b>, where applicants may input the details of their industrial project and be immediately informed on which licences are required, how much time and cost they involve and how to apply. This licence simulator should be easily available on-line on the Electronic Point of Single Contact.</li><li>● Implement the recently adopted <b>Public Policy for e-Government</b>, for the improvement of the provision of digital services to businesses.</li><li>● Create a <b>roadmap</b>, including a clear <b>implementation plan with deadlines, responsibilities and sanctions</b> and empower institutions to follow it for the implementation of the Public Policy for e-Government</li><li>● Develop <b>implementation monitoring, assessment and evaluation mechanisms and tools</b>.</li></ul>





## 2. Overview

### 2.1. CONTEXT

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Romania's economy has made remarkable progress since the country joined the EU in 2007, driven by strong productivity growth. However, productivity growth decelerated after the financial crisis on the back of weak business dynamism and investment. Moreover, the COVID-19 pandemic is having a significant impact on the Romanian economy. In this challenging context, a dynamic business environment becomes even more important to support economic recovery and growth. Reducing the administrative burden on businesses is key to accelerate the recovery and reap the benefits of a potential relocation of production to Romania. However, Romania's complex licensing system and permit regulations constitute a high burden for entrepreneurs and companies.

To address these challenges, the Romanian Government requested support to the OECD and to the European Commission through the Structural Reform Support Programme (SRSP). The project "*Comprehensive redesign of the licensing system in Romania*", undertaken by the OECD and the Directorate-General for Structural Reform Support (DG REFORM) of the European Commission, with the support of the Romanian Competition Council (RCC), aims at identifying key bottlenecks in the business licensing systems in the commerce, service and industrial sectors, determining reform options drawing on best international practices and helping develop practical actions and concrete steps that could support the simplification of business licensing procedures in one sector of the economy.

### 2.2. KEY FINDINGS AND EXPECTED IMPACT OF THE PROJECT

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As part of the project, the OECD conducted a thorough and systematic stocktaking of business licences in Romania, which constitutes the first repository of all business licences procedures in the Romanian commercial, industrial and services sectors. The inventory documented 111 business licences issued by 43 different authorities. The inventory tracks systematically the main features of each licensing procedure. A key finding of the inventory and the related analysis is that simplifying business licensing procedures in the manufacturing sector should be prioritised. Addressing this sector first will bring significant benefits to the economy, especially in the aftermath of the COVID pandemic, positively impacting the broad business environment as some actions will also simplify procedures that are common to other economic sectors.

Simplifying procedures in the manufacturing sector will positively impact the economy and support industrial development, which is a key priority for Romania. The country has one of the largest shares of industry in Gross domestic product (GDP) among EU member states (23.6% in 2018), ranking in the top four countries with the highest contribution to economic growth, while the labour force in the sector is well above EU average (22.1% in the same year). The manufacturing sector is the main employer in Romania, with a large share of that employment being attributed to the automotive sector.

## 2. Overview

Simplifying procedures can also enhance the resilience of the industrial sector. The evolution of Romanian industry as a share of GDP is more volatile than the EU average. The evolution of the added value in the Romanian industry follows closely the progress of the production of motor vehicle plants and motor machinery and equipment factories. Similarly to what happens in other countries in the region, such a dependency on the car production points to high vulnerability of the industry to the economic cycles.

Simplifying procedures can also help further attract foreign direct investment (FDI) which is a powerful tool for the modernisation of the industry. As the high level of FDI is one of the strengths of Romanian industry, it is even more important to ensure that FDI continues to support the modernisation of the industrial sector, including in strategic sectors such as Information and Communication Technology (ICT), automotive, aerospace, agriculture, bio industries and creative industries. The simplification of the business environment would also potentially impact employment, the evolution and modernisation of the industrial base, exports and Small and medium-sized enterprises (SMEs).

Licensing concerning the industrial and manufacturing sectors is in special need of simplification: (i) there is a substantial amount of different licences that must be obtained to initiate an industrial or manufacturing activity, (ii) procedures such as environmental licences or fire safety permits are long and complex, (iii) legal deadlines for issuing licences are also long and there is no real consequence for the cases when they are not respected by public institutions, (iv) there is a lack of coordination among the public institutions in what concerns the delivery of the licences, both in terms of risk assessment and sharing of information and (v) the inherent risk of a particular activity is not connected with the level of complexity of the required licences.

To address these bottlenecks, on the basis of international best practices and an in-depth analysis of the Romanian context, the project proposes **three simplification mechanisms** to be implemented through **ten simplification actions**:

**MECHANISM 1: ESTABLISH A SINGLE INDUSTRIAL LICENCE:** this licence will replace other licences, streamlining and simplifying them. The single industrial licence will simplify procedures for a sector that accounts for 24% of GDP and 22.1% of the Romanian labour force, with an expected impact not only on existing business, but also on prospective investors.

Proposed actions to establish this single industrial licence include:

- **Action 1: Integrate existing scattered licences** into one **single licensing procedure**;
- **Action 2: Classify** industrial and manufacturing activities into three **risk categories**;
- **Action 3:** Establish **standardised procedures** for the three risk categories. These procedures would make the approval process more in line with the effective risk level, introducing a zero-licensing regime for low-risk activities, preventing decision deadlocks, and promoting clear communication of needed documents and information;
- **Action 4:** Enable a **Coordinating Body** to overview and manage the whole licensing journey, on behalf of the public administration.

**MECHANISM 2: ADOPT RULES THAT PREVENT COMPLEXITY AND EXCESSIVE BUREAUCRACY** from being introduced into the licensing framework through regulatory backdoors:

- **Action 5:** By establishing clear **tacit approval** (“silence is consent”) policies that increase public institutions’ accountability and service quality;
- **Action 6:** By adopting the **once-only principle**, which enables any investors to only be required to supply the same information or documents to public institutions once and, conversely, the duty of public institutions to share that information with other public institutions that need it;



- **Action 7: Abolish dual controls and requirements on industrial and manufacturing licensing**, such as requirements to perform similar procedures in more than one public instance (e.g., at national level and at local level);
- **Action 8: Eliminate licensing practices that do not add significant value to the public interest and that impose excessive burdens on investors**, such as requirements to periodically renew licences or to obtain stamps that are merely bureaucratic;
- **Action 9:** Ensure a coherent use of the legal terms and classification of licences by creating a **taxonomy of industrial licences** (i.e. a general rule or set of principles regarding what is the legal relation between different sorts of licences). This will enable a better understanding from the general public on the meaning and purpose of the licensing procedures;

### **MECHANISM 3: IMPLEMENT TOOLS FOR A MODERNISATION OF THE LICENSING FRAMEWORK:**

- **Action 10:** Implement one-stop shops for business licensing and fully adopt the Electronic Point of Single Contact – edirect.e-guvernare.ro – as a hub for all matters concerning business licensing, including a tool – a licence simulator – where applicants may input the details of their industrial project and be immediately informed on which licences are required, how much time and cost they involve and how to apply. The roll-out and full adoption of the Electronic Point of Single Contact will require training officials responsible for managing electronic licences procedures.

By streamlining and digitalising the business licensing system, these three mechanisms can contribute to a more dynamic business environment that supports recovery and resilience of the economy. The measures presented in the project have been included among the priorities of the Romanian National Plan for Recovery and Resilience (*Planul Național De Redresare Și Reziliență, PNRR*), as measures that would contribute to debureaucratisation and procedural simplification of the business environment and that would help Romania exit the crisis, revive the economy and increase resilience. In particular, the PNRR points at the project as a benchmark for further action on the establishment of the Single Industrial Licence, and the effective implementation of principles such as tacit approval, the once-only principle, the electronic point of single contact, and the elimination of dual controls and unnecessary renewals. On 6 September 2021, the Ministry of Economy placed in public debate a *Memorandum with Measures on de-bureaucratisation to support the Romanian business environment*. The provisions of the Memorandum build on some of the measures recommended in this report, with the goal of facilitating a comprehensive redesign of the business licensing system.

The success of these reforms will depend on a number of crucial factors. These include breaking down institutional silos and ensuring that such a reform that cuts across ministerial and institutional portfolios is backed by strong political will and supported by a well-functioning inter-institutional co-ordination mechanism that involves key economic institutions. This also means that stakeholder involvement is essential. This involvement should include not only listening to the concerns and needs of the stakeholders as the reform is being designed and implemented but also discussing the best solutions to address those needs by means of consultation and joint work.

A reform is not near completed once the new laws and regulations are approved and come into force. It is fundamental to closely follow the implementation efforts, ensure that the public administration absorbs and applies the new regulations, monitoring that the legislative changes are then producing impacts for the business and adjust them if they are not or if the impacts are less than optimal.

## 2. Overview

### 2.3. REPORT STRUCTURE

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This report provides an overview of key findings and proposed reform actions, including through the use of electronic tools to simplify access and delivery of business licences in Romania, drawing on the experience of OECD and EU countries. It reflects in-depth consultations, focus groups and interviews with a number of government and non-government stakeholders (see Annex A for a list of consulted stakeholders). The development and use of digital business platforms were also discussed at an interactive peer learning webinar with international experts and Romanian policy makers and private sector representatives held in April 2021.

The report is structured as follows: Chapter 3 presents an analysis of the state of play, international best practices and recommendations for simplifying licensing procedures (Mechanisms 1 and 2 above). This also includes guidance on the related requirements for institutional set-up and delivery. Chapter 4 presents the state of play, international best practices and recommendations for the establishment and enhancement of digital business platforms in Romania (Mechanism 3 above). Key challenges for implementation going forward are highlighted in the concluding section. Annexes A and B contain additional information on the institutions consulted in the course of the project and the methodology adopted to take stock of the current business licensing environment in Romania.





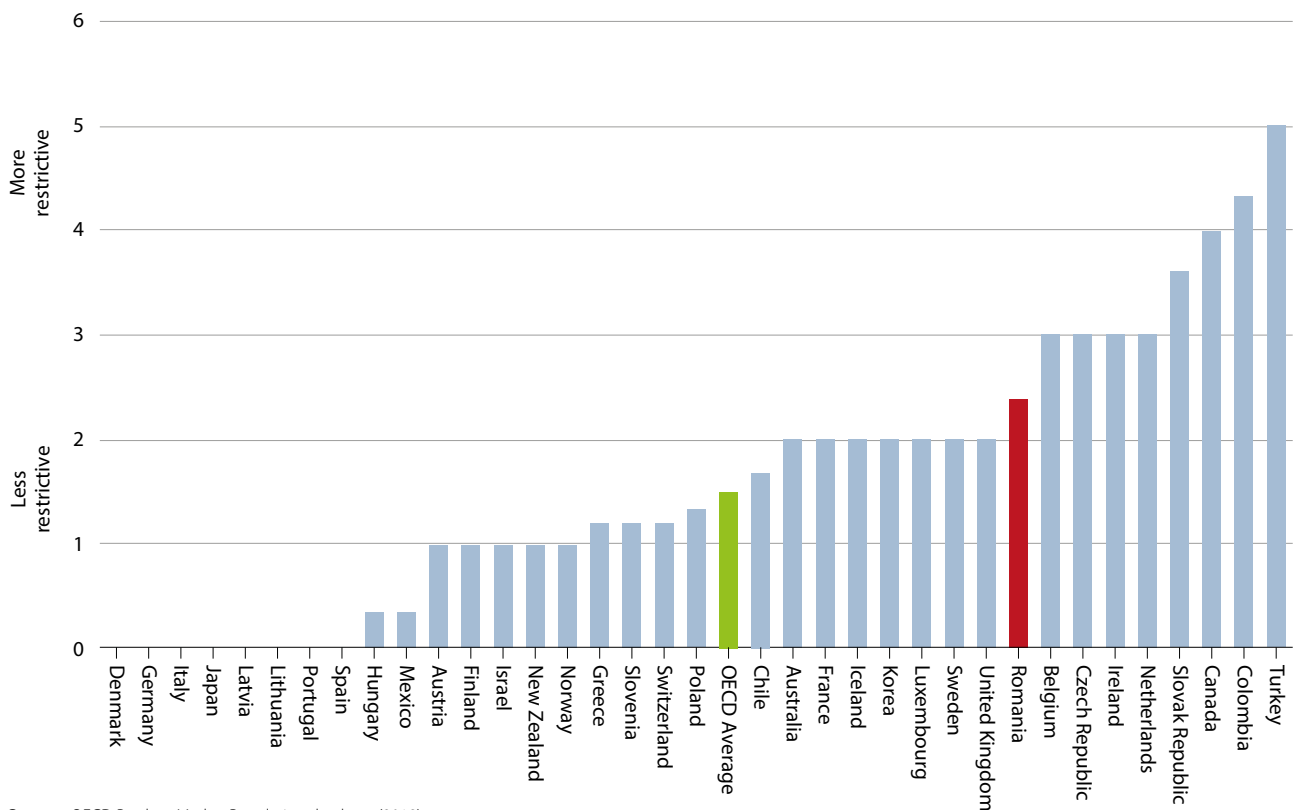
### 3. Good practices and policy actions for simplifying licensing procedures

#### 3.1. STATE OF PLAY: LICENSING PROCEDURES AND BUSINESS ENVIRONMENT IN ROMANIA

Despite some progress in recent years, complex and burdensome administrative procedures remain a high barrier to entrepreneurship in Romania, hampering the development of a dynamic business environment. Most entrepreneurs consider that obtaining permits, licences, concessions, or clearance from the tax office represents a significant burden. The 2018 OECD’s Product Market Regulation (PMR) indicators highlight that Romania has more restrictive product market regulations than the average OECD countries. In particular, the licensing and permits system is especially restrictive (Figure 1).

**Figure 1. Romania’s licences and permits system is especially cumbersome**

Licences and permits regulatory restrictions indicator, index scale of 0–6 from least to most restrictive, 2018



Source: OECD Product Market Regulation database (2018).

### 3. Simplifying licensing procedures

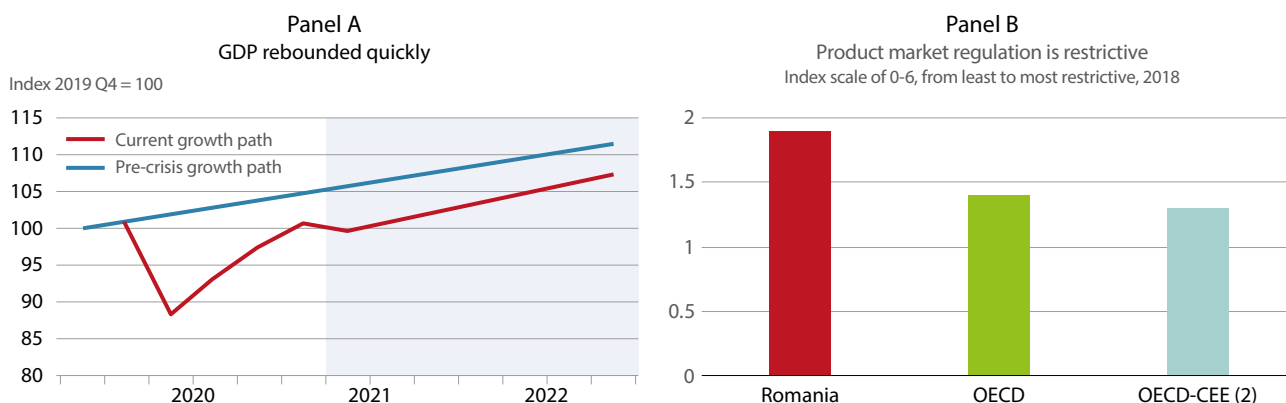
In the 2020 World Bank's *Doing Business*, Romania is ranked 91<sup>st</sup> in the area of Starting a Business (score: 87.7). According to the World Bank's *Doing Business*, it takes, on average, 35 days to start a business, about 3.7 times longer than the OECD average and involves 24 procedures, about twice as many as in the OECD on average. For the specific case of a small- to medium-sized limited liability company operating in Bucharest, this average is of 20 days (World Bank 2020). The 2015 European Commission Study on Business Licences (EC 2015) already classified Romania as a country with particularly cumbersome licensing system. Some progress has been made in simplifying the procedures for the registration of a business, including through the establishment of a Trade Registry. However, a high number of licences continues to be required to open a business – e.g. 10 different licences to open a restaurant or to work as a wholesale or retail distributor. Procedures to get licences are lengthy by EU standards, with an average of almost 80 days to get any business licence ranging from small service businesses to medium-sized industrial companies. Entrepreneurs are constrained by convoluted procedures, onerous compliance standards, unaffordable fees, overlapping or sometimes duplicating approval processes, and fragmented governance systems. The complexity of the business licensing system also contributes to informality. Complex licensing procedures encourage firms to remain unregistered, giving rise to difficulties later in accessing finance from formal financial institutions and constraining productivity and expansion.

Improving business licensing is an urgent structural reform. It can significantly increase the number of businesses moving from the informal to the formal sector and reduce barriers to the establishment of new business, with a positive impact on employment and productivity (Motta et al. 2010; Branstetter et al. 2014). This is particularly the case for Micro and Small and Medium Enterprises (“MSMEs”) as their degree of exposure to excessive red tape is usually higher and their capacity to prepare complex filings or to challenge public authorities’ opinions or interpretations of regulations is usually low when compared to strong and established large-scale domestic or international corporations and investors. Administrative compliance costs per employee can be over five times higher for the smallest SMEs than for the largest companies (OECD 2018).

The COVID-19 pandemic reinforces this urgency. The business services sector has suffered significantly as a result of COVID-19 related shutdowns, despite of a faster than expected recovery in the second half of 2020 on the back of a strong rebound of industrial production and retail sales (Figure 2, panel A).

In this challenging context, a dynamic business environment becomes even more important to support economic recovery and growth. Efforts to reduce the administrative burden on businesses are key to accelerate the recovery and reap the benefits of a potential relocation of production to Romania. However, Romania’s complex licensing system and restrictive regulatory environment constitute a high burden for entrepreneurs and companies and hampers the attractiveness of investment (Figure 2, panel B).

**Figure 2. Romania’s economy has been hit hard and structural reforms are needed**



**Note:** 1) The pre-crisis growth path is based on the November 2019 OECD Economic Outlook projection, with linear extrapolation for 2022 based on trend growth in 2021.

2) Average of Czech Republic, Estonia, Hungary, Lithuania, Latvia, Poland, Slovenia and Slovak Republic.

**Source:** Panel A: OECD Economic Outlook 106 and 109 databases; Panel B: OECD, Product Market Regulation Database 2018.

### 3.2. STOCKTAKING OF THE CURRENT BUSINESS LICENSING ENVIRONMENT

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In order to closely analyse the business licensing environment in Romania, the OECD conducted a stocktaking of business licences in the country, taking stock of 111 business licences issued by 43 different authorities. The inventory systematically tracked the main features of each licensing procedure and constitutes the first repository of business licences procedures in Romania.

For the purposes of the project, the stocktaking of Romania's licensing targeted business licences regulated at a national level in three key sectors, i.e. the commercial, industrial and services sectors. These are licences directly related to the exercise of a business activity, which are needed to start conducting and operating a business, such as construction permits and trade registry obligations. The detailed criteria for the definition of the relevant licences can be found in Annex II at the end of the document.

The purpose of this inventory is twofold: (i) to serve as a basis for the evaluation of the licensing system and the identification of the adequate simplification measures and (ii) to provide an instrument that Romanian authorities can update and use as a barometer of the complexity of the licensing system, by adding newly approved laws and regulations, as well as others that fell out of the scope of this project.

The data collected through the stocktaking activity highlighted the following challenges:

- **Lack of homogeneity between procedures and characteristics of the licences.** The incorporation of companies and fiscal registration, which were simplified in 2004, allow for a relatively rapid registration of a business (three days for registering a business, eight hours for obtaining a fiscal number and up to fifteen days to obtain a VAT code). While there are still important margins for improvement (for example, it takes one hour to register a business and VAT numbers are issued immediately in Portugal and the United Kingdom.), this administrative step appears less problematic than other procedures.

However, once a company is registered, an entrepreneur is confronted with the challenges of not knowing exactly what is expected to obtain a licence. Procedures for obtaining licences are neither homogenous nor consistent. This leads to unnecessary complexity for business and for the public administration, and multiplies the number of procedures, the purpose of which is sometimes unclear.

A clear manifestation of this heterogeneity is the incoherent naming and classification of the licences – a consistent taxonomy of licences and procedures is not in place and similar language does not have the same meaning across different licences. This creates confusion for business and for the officials in the public administration, who are often constrained to “reinvent the wheel” whenever they are requested to develop a procedure mandated by law.

- The **absence of clear and accessible guidelines** concerning businesses' obligations towards public institutions, lack of awareness from some public institutions of other institutions' licences, double licensing and duplicate documents being often requested further contribute to an excessively complex and intricate licensing system.

Companies have a hard time understanding how to obtain a licence. How to apply for a licence is not consistent: some licences admit online procedures, others involve physical visits to local or central offices, and others allow applications to be submitted by post or even by fax.

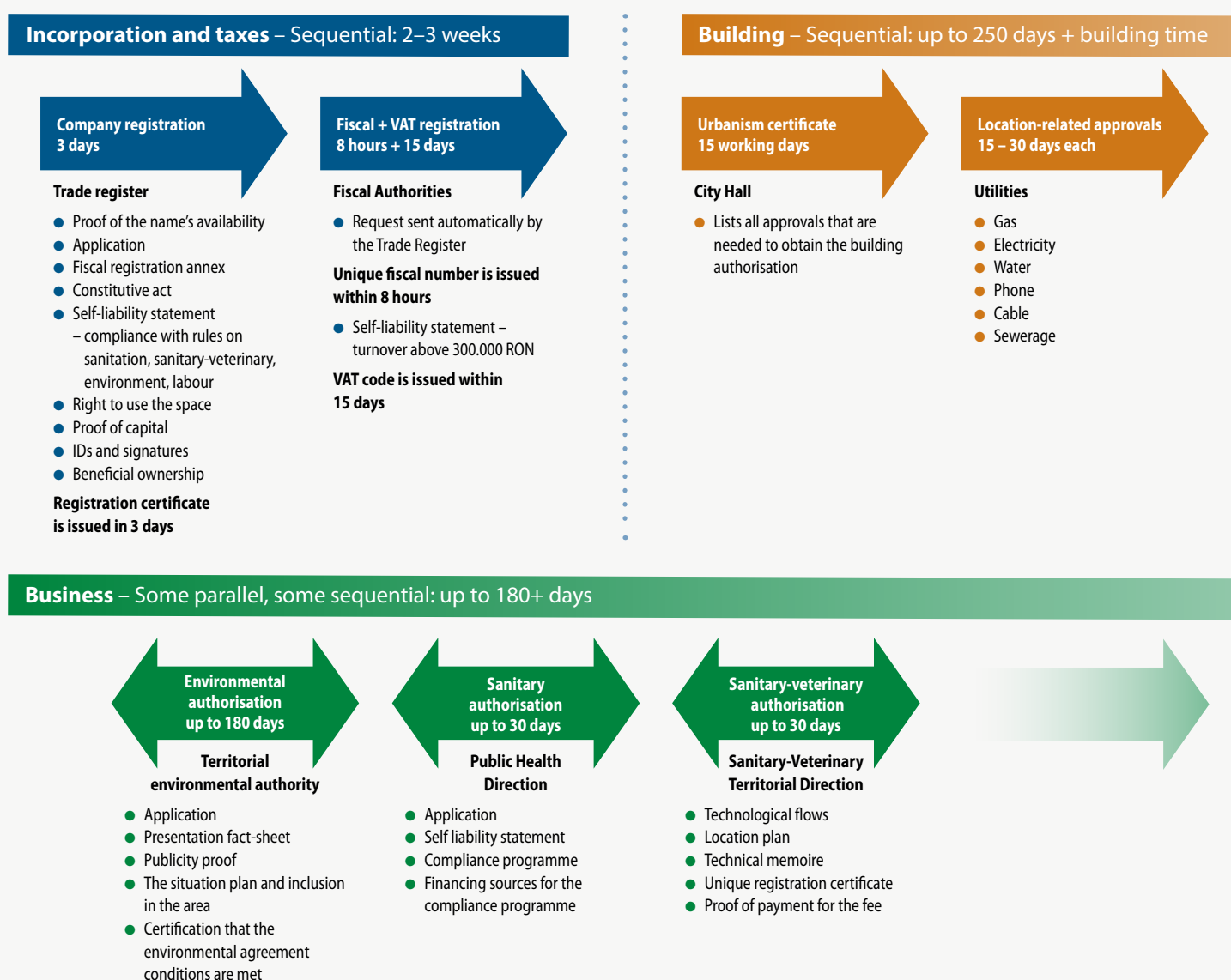
With some exceptions, it is difficult to find clear and accessible guidelines, in plain language, concerning businesses' obligations towards public institutions. Websites often contain mere references and links to applicable laws and regulations and even these are not always complete and comprehensive. This creates delays and costs for business, which often have to resort to professionals or mediators to explain and handle their licensing obligations, and for the public administration, which has to handle applications that might lack the necessary information and documents.

### 3. Simplifying licensing procedures

- **Long legal deadlines for administrative decisions** and the inability to apply a consistent policy of “silence is consent” hinders the agile development of economic activities.
- **Double licensing is also a key challenge.** Licences and authorisations granted by local-level institutions introduce added complexity to an already complex system, as local authorities require businesses to prove that they have procured other national-level licences in order to operate and be able to function. Ultimately, business needs to obtain the same licence or authorisation twice. In addition, business is often asked to provide the same information to different public authorities.

Double licensing and requests for re-submitting the same information multiple times could be in part the consequence of a lack of communication and information on licensing procedures within the public administration. Public institutions are not always aware of the licences that other public institutions require. Sometimes even different branches of the same institution are not aware of licences managed or upheld by each other. The inventory created for the project appears to be the only data set of business licences.

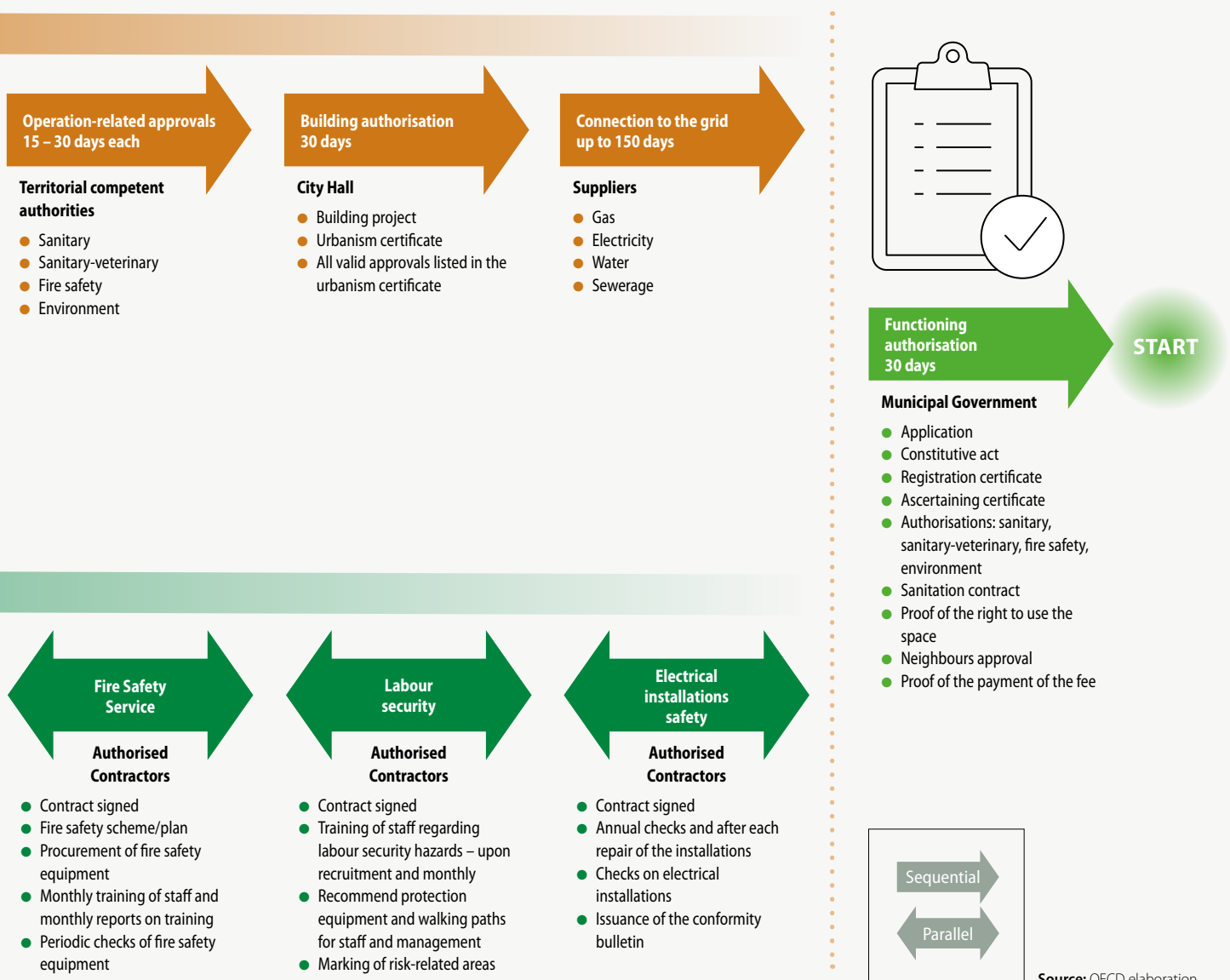
**Figure 3: Setting up business: the administrative journey of an investor**



- **Lack of online accessibility for business licensing.** There is no effective and comprehensive single point of contact for all business licensing or for relevant broad categories of business licensing procedures, where any and all business licences may be obtained, either through traditional service channels (such as physical one-stop shops) or through digital services.

The consequences of these shortfalls are a difficult, costly and long administrative journey for an investor and entrepreneur to obtain a licence (Figure 3). It is estimated that a medium-sized industrial facility would take up to 180 days to obtain a licence with more than 10 different authorisations required.<sup>1</sup>

1. This number could substantially increase for more complex facilities or for cases where public institutions did not comply with the applicable legal deadlines. Experiences collected from private stakeholders accounted for processes that were pending for over two years.



## 3. Simplifying licensing procedures

### 3.3. INTERNATIONAL BEST PRACTICES ON SIMPLIFYING LICENSING PROCEDURES

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Business licences do not need to be complex and burdensome. OECD countries have been able to significantly streamline business licensing procedures. These reforms provide clear guidance for the reforms in Romania.

#### **The Responsible Industrial System in Portugal**

An extensive reform of the Portuguese industrial licensing environment, dubbed the Responsible Industrial System (RIS), took place in 2012 through Decree-Law 169/2012. The RIS provides a new legal framework for the industry sector, which facilitates the capture of new investors and the generation of new projects for companies already established, based on a paradigm shift in which the State reduces prior control and reinforces the mechanisms of control ex post, accompanied by greater accountability of the industrial establishments and other entities involved in the procedure.

The reform was based on four main corner stones:

- Speed, transparency and predictability
- Simplification and reorganisation of applicable procedures
- Reduction of costs, of procedures and of overall bureaucracy
- Electronic processing with the issuance of a digital single document

The objectives of the reform are:

- A change of paradigm: the State's intervention is less based on mechanisms for prior control of the conditions under which industrial activity is carried out, favouring subsequent control action of the same exercise, accompanied by greater accountability of promoters, in line with best European practice :
  - Minimum prior control.
  - More responsibility and supervision.
  - The State must maintain full knowledge of existing industry and ensure that it continues to defend the public good (environment and health) without, however, having unjustified bureaucratic obstacles.
- Improve the investment environment, with a view to the reindustrialisation of Portugal:
  - Reformulate and introduce improvements in the phases and procedural steps that represent the real constraints for investors, simplifying the processes and speeding up decisions.
  - Taking into account the national business reality (small size of companies, territorial dispersion).

#### **Tacit approval of applications for authorisations in the EU**

Most EU Member States have introduced the principle of tacit approval in their horizontal legislation implementing the Services Directive establishing a single market for services within the European Union. Germany, Portugal, Slovenia and Spain have provided for tacit approval in other horizontal legislation (e.g. on general administrative procedures). In some of these Member States, the clause introduced in the horizontal law should prevail over sector-specific legislation that does not lay down any rules on tacit approval or unless sector-specific rules contain explicit provisions to the contrary (e.g. Estonia, Finland, Ireland and Latvia). In Italy, the principle of tacit approval has been set in the laws regulating the administrative system as a general horizontal principle before the adoption of the implementing law, which reiterates and confirms it. The principle has a 'horizontal and national' set of exceptions, and some of them are set out in special sectoral provisions derogating from the general principle. However, the situation is complicated by the fact that many sectors fall under the competence of the regions where the principle is not systematically provided for.

For other Member States, the horizontal law just lays down the principle of tacit approval, which then has to be made applicable specifically in sector-specific legislation (e.g. Austria, the Czech Republic, Germany and Slovakia). Luxembourg has introduced in its horizontal law a list of sectors/laws to which the principle of tacit approval does not apply (e.g. for waste management and the fight against pollution). In the Netherlands, the law provides that the decision will take effect on the third day after the deadline for the administration to take a decision.



### Silence is consent in France

In France, the Law Simplification Act of 12 November 2013 reversed the general principle of administrative law according to which the absence of a response from the administration for two months constitutes a rejection of the application, while providing for numerous exceptions. The aim of this legal revolution is to restore the link between citizens and their administration, by speeding up the time limits for responding to their requests. Until this reform, only the fields of town planning and building permits were subject to this principle. From then onwards, apart from exceptions based on the Constitution and international commitments, nearly 1,500 procedures have been subject to this principle.

### Once-Only Principle in Estonia

The Estonian State Portal is a gateway to public information and services. This portal is a secure Internet environment through which Estonian residents can easily access the state's e-services and information. It contains articles on how to resolve important or frequently occurring issues (such as applying for family benefits), and advice on what to do in certain situations.

Since 2002, Estonian citizens can file their taxes using automated tax declaration forms with the Republic of Estonia Tax and Customs Board. This system has continuously matured over the years to rely on information already provided by citizens. For example, since 2015, one-click tax returns display the data that are already known and gathered from different registries so that users do not have to re-enter data manually.

Privacy and data protection of citizen's information as well as transparency regarding the use of such information are key to sustainably applying the once-only principle. Likewise, technological interoperability between public administrations and the legislative framework are crucial for facilitating the re-use of information. X-Road is the system that allows these databases to talk to each other. Agencies looking for some information should go directly to the agency holding the data. This access is secured by cryptography and information about the exchanges is referenced.

### Abolishing stamps and renewals

The EU Services Directive required Member States to eliminate authorisation schemes and other burdensome requirements when they were not justified or to replace them with less restrictive measures, for instance, notifications or declarations. As a consequence of this requirement, Member States have removed a significant number of authorisations schemes. For instance, Italy has established a general principle that all economic activities that previously required an authorisation can be started upon filing a simple declaration with the competent authorities. In Hungary, more than 50 authorisation schemes have been replaced by declarations for various activities ranging from tourist guides through private recruitment agencies to property management. In Spain, more than 30 authorisation schemes at national level, in the area of industrial services, have been replaced by declarations, e.g. as regards installing high-voltage lines, high-pressure equipment or lifting equipment. In Greece, Malta and Slovakia a wide range of authorisations have been replaced by declarations. Furthermore, Member States had to facilitate and streamline particular procedures so that, (1) where no response to a request for authorisation is provided within the deadline set in the national legislation, authorisation is deemed to be granted; and (2) authorisations should allow providers to exercise their activities throughout the national territory.

## 3.4. RECOMMENDATIONS FOR SIMPLIFYING LICENSING PROCEDURES

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The stocktaking exercise and relevant international best practices points to a set of simplification measures that could enhance the business environment in Romania. The proposed reform focuses on the **industrial/manufacturing sector**. As some of these reforms address licences that cut across economic sectors, the proposed simplification measures could serve as a basis for the development of additional simplification programmes on different sectors, as the spill-over effects of this reform are expected to be significant.

Overall, the proposed simplification measures would require the design of a comprehensive reform that addresses three main pillars and avoid loopholes and subsequent provisions that weaken or contradict the simplification measures:

### 3. Simplifying licensing procedures

#### 1. Adapt the current regulatory environment to:

- Establish a single industrial licence (Mechanism 1)
- Adopt rules that prevent complexity and excessive bureaucracy from being introduced into the licensing framework through loopholes and subsequent provisions that weaken the simplification measures and/or add further new complexity (Mechanism 2).
- Adjust regulations for the adoption of an Electronic Point of Single Contact, including a definition of its main features (Mechanism 3)

#### 2. Identify an appropriate institutional set-up for implementing and monitoring the business licensing reform and guarantee that the system remains “fit-for-purpose”.

#### 3. Ensure the development of tools that provide a usable and easy to access interface for business to acquire and renew business licences.

Pillars 1 and 2 are addressed below. Good practices and initial policy actions for the adoption of pillar 3 are presented in the following chapter.

#### 3.4.1. Adapting the current regulatory environment

The proposed actions listed below include the main measures that would be implemented for a comprehensive reform of the business licensing environment in Romania.

They would support the adaptation of the existing legal structure and facilitate the introduction of the necessary features of a business environment reform.

These proposals include introducing changes in both the specific regulatory framework applicable to industrial and manufacturing activities, and the supporting legal background to improve decision-making and administrative activity with relevance for the proposed reforms.

#### **MECHANISM 1. Establish a single industrial licence**

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This measure aims to ease the burden of dealing with different licences and permits and improve the business environment for investors and entrepreneurs.

The main legislative measures include tackling the following identified issues:

1. There is no coherent use of the legal terms and notions throughout the legislation: instruments called “licences” or “permits”, for instance, may produce the same legal effects in practice, depending on the preference of the lawmakers at the time the regulation was issued. A general rule or set of principles regarding what is the legal relation between different sorts of licences – a taxonomy of licences – is currently not in place.
2. The licences are created and the procedure for obtaining them is determined by scattered regulations, making it extremely difficult for applicants to keep track of their rights and obligations as per the respective procedures, or even to know what exactly is required from them.
3. The numerous regulations involved, which were issued over time and modified subsequently, often cause contradictory requirements or procedures, thus causing blockages without a clear way to avoid or eliminate them.
4. The licences are issued by various institutions which are also subordinated to different ministries (or other public institutions) requiring investors to deal with multiple stakeholders, often demanding the same documents.

5. Often the procedures are unnecessarily bureaucratic, requesting documents of no real use for the issuing authority or requesting information and documents which can be obtained directly by the requesting entity. For example, companies applying for a licence almost always have to submit a copy of their certificate of incorporation and/or a Trade Register excerpt. As the Trade Register is a public institution, subordinated to the Ministry of Justice, this information could easily be accessed online by other public institutions without requesting the certificate to the applicant.
6. Many licences are issued for a limited period of time and have to be renewed periodically, even though the conditions under which the licence was issued might have not changed, neither *de facto* nor *de jure*. Such renewal procedures only create useless bureaucracy and expenses for the entrepreneurs, without providing any real protection to the public safety or public interests which the licence is supposed to protect.

The purpose of the Single Industrial Licence (SIL) Law is to eliminate or strongly mitigate these cumbersome procedures, as well as others which hinder the rate of development of new investments, by offering to entrepreneurs a clear legal framework and procedures as rapid and simple as possible. The setup of the SIL draws on international experience. The main driver behind it is to avoid administrative inefficiencies and lack of coordination among the main stakeholders and ensure that businesses and entrepreneurs have access to simple, straightforward and predictable procedures.

This goal can be obtained through the following measures:

- a. The creation of three types of industrial licences, differentiated by the type of impact the inherent activity will have. For any given industrial project, entrepreneurs will only be required to procure one single licence.
- b. All the rules for obtaining a licence will be found in a single regulation which will contain a comprehensive list of all the requirements for obtaining the licence.
- c. The SIL Law will explicitly stipulate that the conditions instituted by it for obtaining the licence are not only necessary, but also sufficient, thus eliminating the possibility of lower rank regulations introducing additional requirements to the procedure.
- d. Instituting simplified documentation requirements by eliminating the need to present unnecessary documents and by applying the once-only principle.<sup>2</sup>
- e. The creation of a Coordinating Body which will serve as a single contact point for the applicant in what concerns the SIL.<sup>3</sup>
- f. Whenever possible licences will be issued for an unlimited period of time.

The establishment of SIL and the adoption of the rules and tools connected to it are expected to significantly reduce the effort needed to start and operate an industrial/manufacturing business. The SIL will significantly reduce processing time for low-risk activities like small plants and manufacturing establishments. It will provide greater certainty and a smoother process for medium to high-risk activities (see Figures 4 and 5 below).

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2. Instituted by a different law, as explained below.

3. More information on the institutional setup can be found in the next section.

### 3. Simplifying licensing procedures

Figure 4. Before the single industrial licence

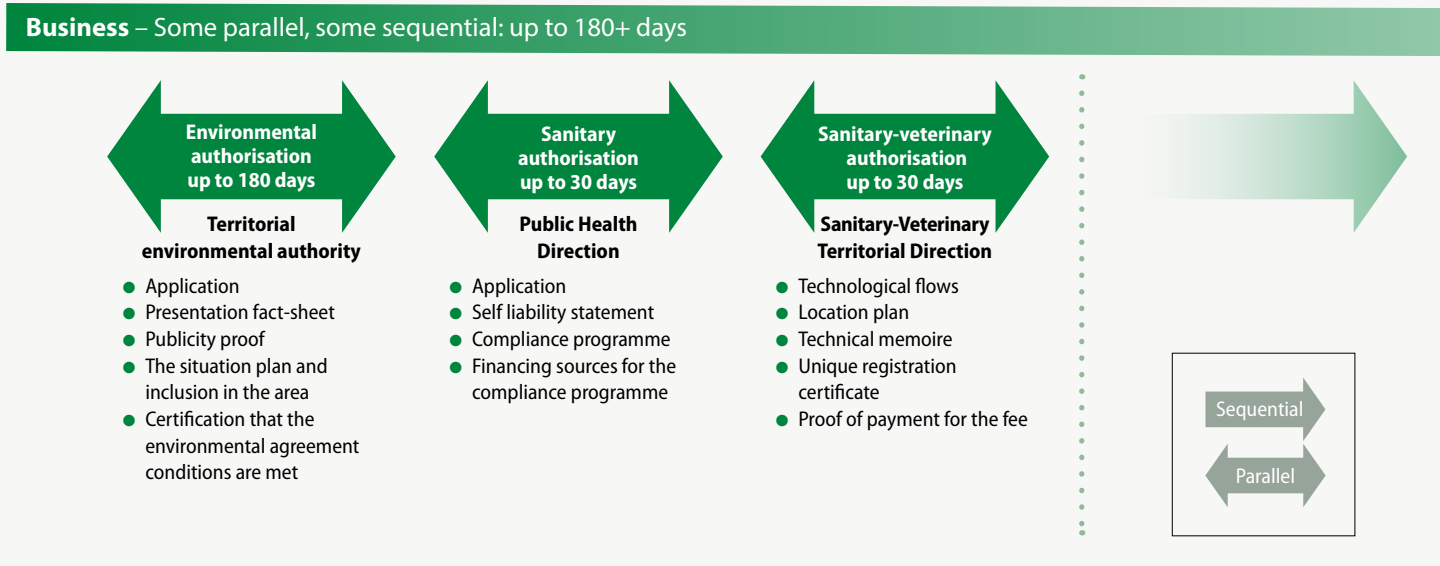
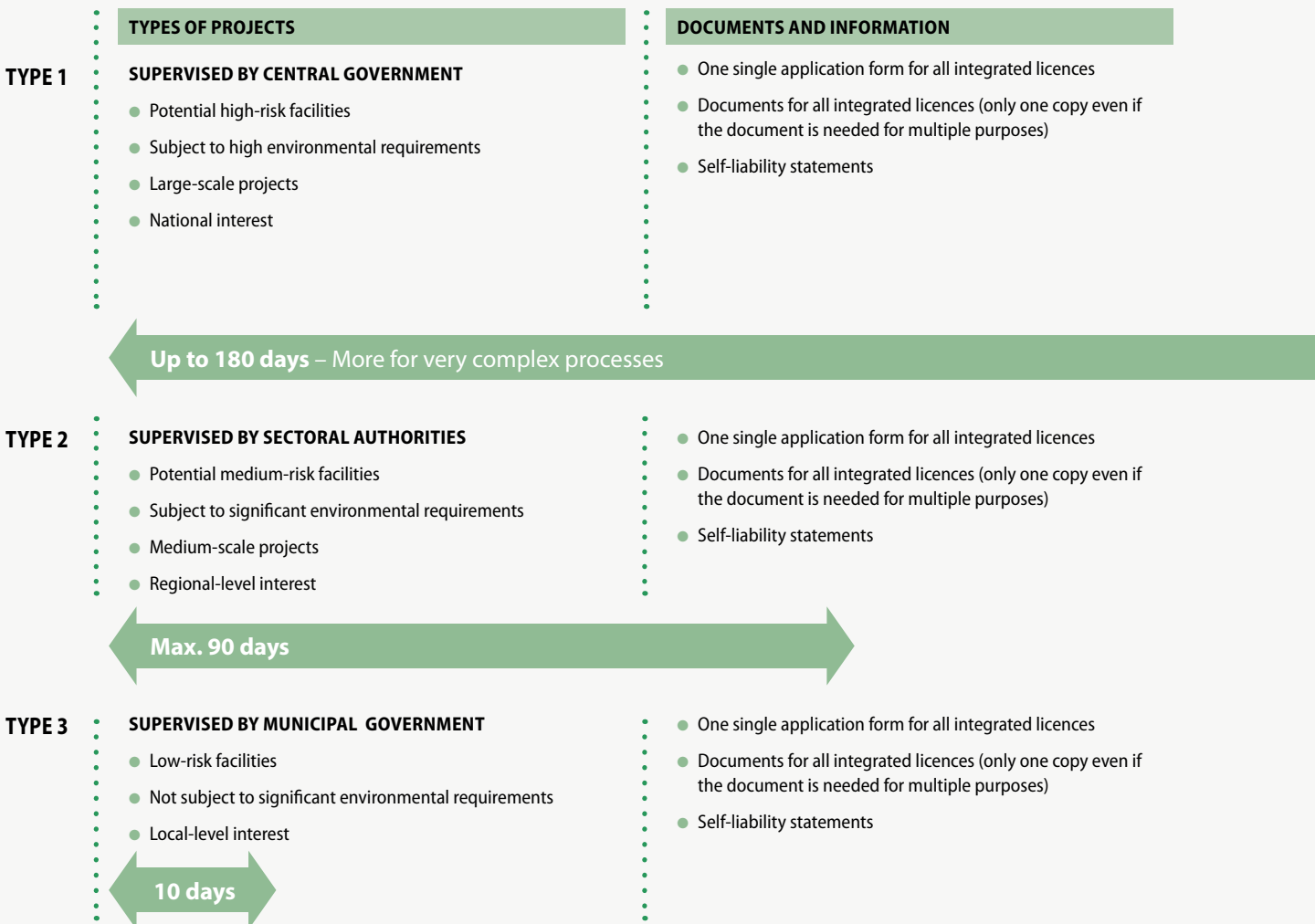
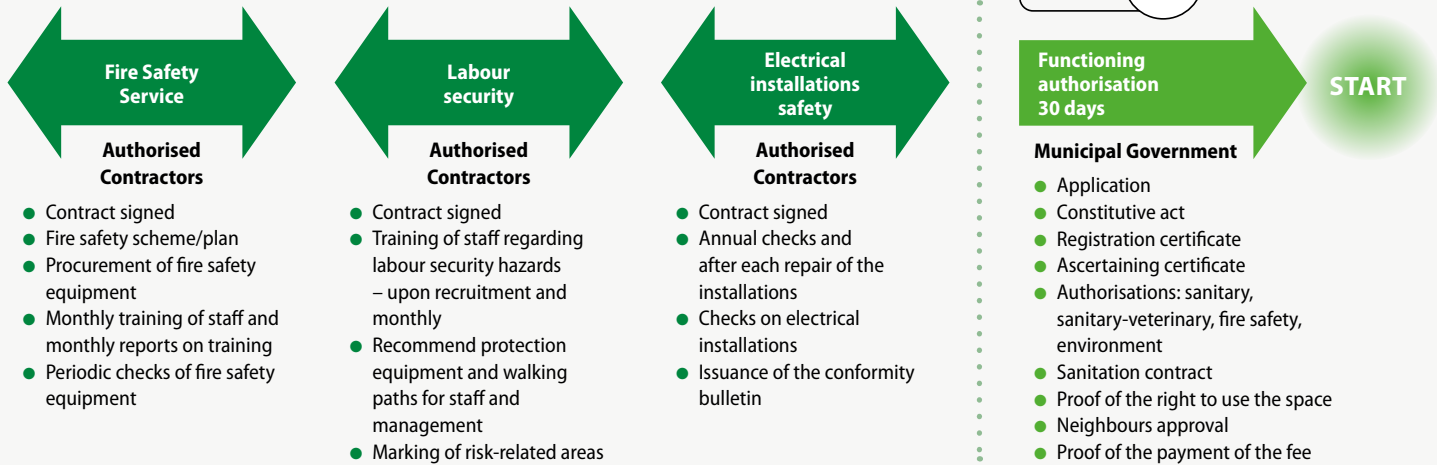


Figure 5. After the single industrial licence





#### INTEGRATED LICENCES

- Environmental Approval / Environmental Integrated Authorisation / Environmental Agreement
- Authorisation for fire safety / Approval for fire safety
- Specialised public health assistance
- Accreditation of specialised service providers for stimulating employment
- Notification of conformity certification
- Functioning authorisation (local)

#### EXPECTED OUTCOME

- High technical complexity and many needed opinions from public stakeholders call for a full installation and operation procedure with prior inspection
- Procedural conference mechanisms allow for a coherent decision from all stakeholders
- Silence is consent applies if legal deadlines are not met

- Environmental authorisation
- Authorisation for fire safety / Approval for fire safety
- Specialised public health assistance
- Accreditation of specialised service providers for stimulating employment
- Notification of conformity certification
- Functioning authorisation (local)
- Approval for fire safety
- Accreditation of specialised service providers for stimulating employment
- Notification of conformity certification
- Functioning authorisation (local)

- Medium technical complexity and needed opinions from public stakeholders call for the need to require a stand-still notice period procedure
- Procedural conference mechanisms allow for a coherent decision from all stakeholders
- After the stand still period, operations may start
- Low-risk operations justify a “zero licensing” prior notification procedure
- After submitting the correct information and documents, operations may start immediately

**START**

Source: OECD elaboration

### 3. Simplifying licensing procedures

#### ***MECHANISM 2: Adopt rules that prevent complexity and excessive bureaucracy from being introduced into the licensing framework through regulatory backdoors***

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- **“Silence is consent” policy**

The current Romanian legislation provides for the legal value of the silence of the Administration. However, it contains provisions that are contradictory and that render the procedure either inoperable or inefficient, to the point where it is debatable whether a true “silence is consent” rule is actually in effect. In practice, applicants are not allowed to carry out any activity unless they receive an express decision by the competent public authorities.

The application of the existing regulation has revealed some of its limitations: judicial practice has created interpretations of the law which have further restricted the applicability of this normative instrument.

In practice, as it stands, current Romanian legislation implies that applicants cannot carry out any activity even if their applications for obtaining the permits were not answered in due time. Instead, the applicants have to apply again, either for a formal document stating that the authorisation was not issued in due time (to be issued by the same institution which should have issued the authorisation in the first place) or to the local court.

Additionally, the court’s decision would still not be enough to carry out the activity; the court could merely order the public authority in question to issue the authorisation if the documentation is complete as required by law.

It is thus important to restore the core values that led to the original approval of the existing legislation, by adjusting its shortcomings and introducing much needed clarifications in its provisions.

- **The adoption in Romanian legislation of the “once-only” principle will give the investors the right to be required to supply once the same information or documents to public institutions.**

A frequently identified impediment to a well-functioning business environment are the cumbersome procedures and paperwork imposed by the public administration. Compliance costs are often caused by simple tasks, such as the need to prove one’s identity or the need to provide documental proof of facts of which the public administration is already aware.

These costs could be avoided with a better organisation of the public administration’s data and by promoting interoperability among public institutions.

As this is a concern that affects most, if not all, public administrations, a principle – dubbed the “once-only” principle – has been developed at EU-level to try to tackle these concerns. The “once-only” principle is one of the seven underlying principles stated in the European Union’s “e-Government Action Plan 2016-2020” to make the government more effective, simpler and to reduce administrative burdens for citizens and businesses. It is also part of several initiatives related to the European Digital Single Market.

The actual content and meaning of the once-only principle is straightforward: it means that public institutions should ensure that economic agents should not be required to supply the same piece of information to a public body more than once.

While the adoption of the principle is simple, its practical and effective enforcement requires both structural and cultural changes in public administration.

It first requires that public institutions have the will and the practical means to share information between them. This can mean setting up complex IT systems that exchange information in an automated fashion, or it can simply mean that key people in public organisations have set up the proper communication channels with each other.

It also requires that the internal re-use of data complies with applicable data protection rules, including getting appropriate permissions, when and if necessary.

In short, the principle aims to promote the efficient use of data and avoid inefficiencies due to lack of communication and interoperability among public institutions. The main impact of its implementation is a lower bureaucratic burden for businesses, translated into less waste of financial resources and time.

Proposed legislative measures include exempting economic agents and their representatives from submitting documents held by any public administration service and body, when these economic agents consent for the documents to be shared with the public body responsible for providing a service [when the agent give their consent for the entity responsible for providing the service to obtain them].

Conversely, public administration services and bodies shall ensure, among themselves, the sharing of data and public documents necessary for a certain process or provision of services, in compliance with the rules on the protection of personal data, in particular the EU-level General Data Protection Regulation (GDPR).

Other changes include establishing permanent online certificates or mechanisms for consulting electronic data via the Electronic Point of Single Contact.

### **MECHANISM 3: Enhancement of the features of the Electronic Point of Single Contact**

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- **Adapting the regulatory environment for the adoption of an Electronic Point of Single Contact, including a definition of its main features.**

This would include:

- a. The official adoption of an Electronic Point of Single Contact aimed at serving as a single point of contact for entrepreneurs and businesses, combining the various services and bodies of the public administration in one single point. This would mean developing **the existing Electronic Point of Single Contact** – [edirect.e-guvernare.ro](http://edirect.e-guvernare.ro) – into the hub for all matters concerning business licensing.
- b. Establishing a single back office where the various public agencies that issue the sub-licences and mandatory opinions will log in to a single electronic platform and upload their decisions and relevant documents there.
- c. Providing the creation and legal support for the implementation of a licence simulator: an online tool enabling companies to find out the necessary licences as well as the estimated costs and timescales, functioning as licence simulator.
- d. Establishing a duty of collaboration between public services: this measure aims to set up an effective organisation between the different public institutions, based on the coordination of their respective back-offices and the setting up of a reference guide to support the proper functioning of the assisted digital service.

#### **3.4.2. Institutional set-up and delivery**

Regulatory changes are not the *only* tool needed for the implementation of the proposed reforms.

Besides the definition of the actual measures that need to be put in place, key success factors for a correct implementation of the proposed reforms include the need to define a strong and well-designed institutional support framework in both the coordination and implementation of the reform and in the delivery of the reformed public services to businesses and entrepreneurs.

#### **Reform coordination**

As a first step towards the implementation of these proposed legislative reforms, it is essential that the Romanian Government establishes clear ownership for the reform.

### 3. Simplifying licensing procedures

This includes political-level coordination and leadership – e.g., from the Ministry of Economy – thus ensuring the needed political drive for the proposed reforms.

Coordination actions include defending and discussing proposed reforms with other stakeholders – both from the public and private sectors – and carrying out the necessary practical steps for the implementation of the reforms.

The reform owner would be responsible for ensuring co-ordination and joint work across the public administration, keeping track of measurable targets and time frames, allocating or procuring the necessary resources for the completion of the needed tasks and involving the necessary stakeholders.

For that purpose, it would be helpful to release a public document that would signal the importance of the reform and clarify its essential parameters and characteristics.

Below is a list of topics that would be included in such document:

- Highlighting the importance of the creation of a favourable investment context, setting it as a priority for sustainable economic growth and the development of private investment.
- Laying out the objective of implementing a set of reforms to guarantee simpler, more predictable, faster and more efficient interactions between businesses and the public administration.
- Assigning the lead role in the reform implementation to a Ministry, for instance, given the focus of the reform, with an economic portfolio (e.g., the Ministry of Economy). The leading Ministry would be responsible for day-to-day co-ordination with other ministries and institutions to advance the reform and would report regularly on progress to the Government.
- Defining the main responsible ministries for the successful implementation of the reform, by setting up an inter-ministerial working group that could comprise the following ministries:
  - The Prime Minister's Chancellery and the General Secretariat of the Government, for high-level political coordination;
  - Ministry of Economy, Entrepreneurship and Tourism;
  - Ministry of Environment, Water and Forests;
  - Ministry of Research, Innovation and Digitalisation;
  - Ministry of Internal Affairs;
  - Ministry of Labour and Social Protection;
  - Ministry of Health;
  - Ministry of Development, Public Works and Administration;
  - Ministry of Justice, including the Trade Register Office;
  - Ministry of Finance.
- Assigning the following roles to the inter-ministerial working group:
  - Discuss and validate simplification measures.
  - Liaise with the appropriate governmental departments and other public institutions to steer and guide implementation.
  - Monitor progress in advancing the reform.



- Discuss opportunities for scaling up and broadening the reform to other sectors.
- Raise awareness of the importance of the reform.
- Setting out the main reform mechanisms and their primary actions:
  - Establishment of a single industrial licence (licence integration, procedural simplification, new organisation of the licensing framework);
  - Adoption of a set of principles and measures that increase reliability, transparency and efficiency of public decisions connected with licensing (“silence is consent”, “once-only” principle, abolishment of dual controls and requirements on industrial and manufacturing licensing, elimination of unnecessary stamps and renewals, taxonomy of licences);
  - Enhancement of the features of the Electronic Point of Single Contact.
- Establishing a clear timeline, with dates, milestones and goals for the implementation of the reform.

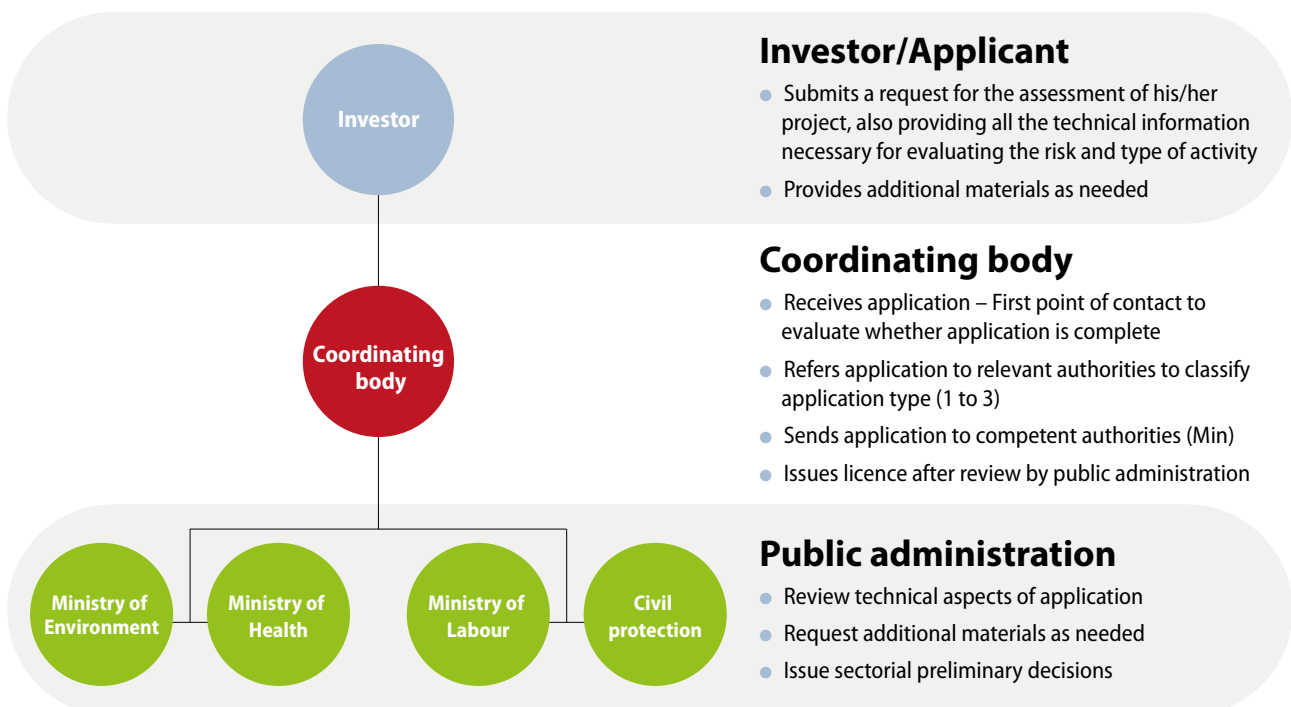
### Coordinating body

The proposed procedural simplification measures rely on the aggregation of the currently existing licences into one single industrial licence (SIL).

This aggregation requires the implementation of a different institutional set-up, which will involve three different layers of stakeholders: (i) the investor / applicant, who will initiate the procedures and provide any needed information and documents; (ii) the public administration, who will perform the technical and documental analysis needed for the issuance of the licence and (iii) a **Coordinating Body**, whose functions include being the single interlocutor of the public administration for the purpose of obtaining the licence and serve as an interface between the two parties.

A schematic representation of these functions is provided in Figure 6 below.

**Figure 6. Institutional Framework for Business Licensing**



Source: OECD elaboration

### 3. Simplifying licensing procedures

The functions of the Coordinating Body should be present across the Romanian territory. This presence will ensure that any interested party has a clear and intuitive point of contact where they can get all the information and through which one can carry out the entire procedure for obtaining a licence.

Since the Coordinating Body will have obligations towards third parties (the applicants, other institutions etc.) and others (most importantly, other public institutions) will have obligations towards the Coordinating Body, it would be advisable for the Coordinating Body to benefit from a sufficiently clear institutional framework and possibly even have legal personality.

The appropriate presence on the ground of the Coordinating Body should reflect the specificity of the Romanian territory. Branches in each county of Romania, including Bucharest, seem like a reasonable departure point. As per Romanian legislation, the Prefect is the local representative of the Government and supervises the de-centralised public services of the ministries and of other structures of the central administration. Accordingly, the Prefect could lead the branches of the Coordinating Body at county level and provide the necessary co-ordination to issue the SIL.

The competence of each branch of the Coordinating Body would be territorial and would depend on where the facility of the licence applicant is located. If a facility is located in two or more counties (assuming that crosses the “borders” of two or more counties), the applicant should have the choice to go to the Coordinating Body of either of these counties.

If it is deemed necessary, SIL applications for high importance facilities (for instance, those which require investments in excess of a certain threshold) may be handled by the central services of the Coordinating Body.

The SIL implementation instruments would also explicitly institute the obligation for all other relevant institutions to cooperate with the Coordinating Body for the purpose of issuing the industrial licences and set forth the main guidelines of a procedure by which the authorities will cooperate.





## 4. Good practices and policy actions for the establishment and enhancement of digital business platforms in Romania

### 4.1. STATE OF PLAY: THE DIGITALISATION OF PUBLIC SERVICES IN ROMANIA

#### 4.1.1. Institutional framework

The digitalisation process of the Romanian public administration started in the early 2000s, mostly associated with the process of EU integration. After joining the EU in 2007, Romania was experiencing both the need to implement reforms stemming from EU Regulations and Directives on reducing bureaucracy and introducing digital tools in the public sector and funding to invest in software and hardware modernisation within the public administration.

The Romanian authorities developed a series of institutions that handled the digitalisation process for the public administration in the past decades. While, nominally, a dedicated central public institution for information technologies (IT) existed since 1990 (the National Commission for Informatics functioned between 1990 and 1998, then the National Agency for Communication and Informatics was established and functioned between 1998 and 2001), the first consolidated attempt to create an organised body handling digitalisation was the creation of the Communication and IT Ministry in 2001. The Ministry was renamed as the Ministry for Communication and Information Society in 2009 and functioned in this capacity until 2019, when it was merged within the Transport, Infrastructure and Communication Ministry. In December 2020, the government created the Ministry of Research, Innovation and Digitalisation to accelerate and streamline the digital transformation.

In 2007, a specialised agency, the Agency for Services for the Information Society, was established under the coordination of the Communication Ministry. This Agency had the purpose of implementing and operating the information systems of the central public administration. In February 2020, the agency became the Authority for the Digitalisation of Romania (ADR), with the purpose of creating and coordinating the implementation of public strategies and policies in the field of digital transformation and information society. The Authority for the Digitalisation of Romania is under the coordination of the Ministry of Research, Innovation and Digitalization and tasked with coordinating all operating systems that are related to the provision of e-Government services and the creation of information systems for the delivery of electronic public services.

The main goal of Romania's digitalisation strategy is to contribute to the deep evolution of the economy, public administration and society, and increase public sector performance and efficiency, by promoting digitalisation, innovation and digital technologies. According to the government programme, the acceleration of the digital economy can be achieved by acting simultaneously and in a coordinated manner on four strategic axes, which will ensure a digital ecosystem capable of delivering innovative digital services and products to the benefit of society and the economy. The four strategic axes are: i) digital public administration; ii) digital economy; iii) digital education; iv) implementation of policies for the acquisition / growth / improvement of digital skills for the whole Romanian population.

## 4. Digital business platforms

In the context of the COVID-19 pandemic, the Authority for the Digitalisation of Romania also introduced a series of programmes to promote and improve digital public services. Government Emergency Ordinance (GEO) 38/2020, introduced in March 2020, stipulates that all public institutions are mandated to accept documents in electronic format from citizens and companies and respond to requests received also in electronic format. However, contrary to the provisions of GEO 38/2020, the normative acts that exclusively provide for the possibility of submitting files in printed format, with handwritten signature, remained in force. Moreover, the GEO 38/2020 stipulated no sanctions for public authorities that did not respect the stipulations, reducing the effectiveness of the legislation.

Moreover, in April 2020, the Authority for the Digitalisation of Romania put in place the platform [aici.gov.ro](http://aici.gov.ro), to facilitate access to government support programmes for people affected by the pandemic. The platform works like an online registry, where communication is 100% digital. Documents are submitted 100% electronically, and over 1.5 million Romanians have benefited from the use of this platform. The platform provides a complete service that applicants can use to apply to 19 procedures of some institutions such as those related to labour relations (ANOFM, ANPIS) or the Ministry of Finance. Since the launch of the platform, 800,000 requests were registered (ADR, 2020b). The platform provides a good step towards developing a single window to access different procedures.

### 4.1.2. National Strategy on the Digital Agenda for Romania 2020 (SNADR)

The first major coordinated strategy promoted by the Romanian authorities in the field of digitalisation of public services for business and citizens was the National Strategy on the Digital Agenda for Romania (SNADR) 2020, approved in 2015. The document took over and adapted to the Romanian situation the elements of the Digital Agenda for Europe (launched in 2010 by the European Commission), one of the seven pilot initiatives of the Europe 2020 Strategy.

According to an analysis made by the European Commission (ISA2, 2020), the National Strategy on the Digital Agenda for Romania targeted directly the ICT sector and aimed to contribute to economic growth and to increase competitiveness. It planned to achieve both goals on the one hand through direct actions and the development of an effective Romanian ICT and on the other hand through indirect actions such as increasing efficiency and reducing public sector costs, enhancing private sector productivity by lowering administrative state-related barriers, and improving the competitiveness of the labour force in Romania.

The National Strategy on the Digital Agenda defined four areas for action. These four fields of action are summarised as follows:

- **Field of Action 1:** e-Government, interoperability, cyber security, cloud computing, open data, big data and social media, increase efficiency of e-Government and reduce the public sector costs in Romania by means of a modern administration.
- **Field of Action 2:** ICT in education, health, culture and eInclusion support at sectorial level to ensure ICT investments to achieve a positive social impact.
- **Field of Action 3:** eCommerce, research & development and innovation in ICT built on the comparative advantages of Romania and support economic growth in the private sector.
- **Field of Action 4:** broadband and digital service infrastructure ensure social inclusion and benefit all other fields of actions.

The main area focusing on digitalisation of public services for businesses was Area 1 e-Government, Interoperability, Cyber Security, Cloud Computing and Social Media. This had the goal of increasing efficiency and reducing costs in the Romanian public sector by modernising the administration.

The concrete measures contained references to improving the quality of services related to life events, including inter-institutional services concerning the relationship between businesses and the Romanian public administration.

The goals of the programme included bringing electronic services to a minimum sophistication level of 4 out of 5 at a European Union level and a use rate of e-Government systems of at least 35%. Recent assessments show however that these goals have not yet been fully achieved.<sup>1</sup>

#### **4.1.3. Recent developments: Adoption of Public Policy in the field of e-Government & creation of an e-Government and Bureaucracy Reduction Committee**

In April 2016, the Romanian Government initiated the project “Establishing the framework for the development of e-Government instruments (EGOV)”. The aim of the project was to enhance the institutional capacity of public authorities to develop e-Government tools for citizens and the business environment, as well as ensuring the vision and directions of action in the field of e-Government.

As part of this project, in October 2020, the Government launched a public consultation on a proposal for public policy in the field of e-Government.

According to the public policy, the cost of implementing the outlined measures and objectives for the digitalisation of public services is estimated at approximately 2.4 billion EUR in the next 10 years. At the same time, the bureaucracy that would be eliminated would lead to savings of 1.8 billion EUR and foreign investment of 2.3 billion EUR in 10 years.

After a delay in the public consultation process, public debate on the project has been relaunched in March 2021. The Public Policy Proposal in the field of e-Government, a strategic document for digital governance and management of electronic public services at the administration level, was adopted in June 2021. The public policy establishes a series of guidelines for the period 2021-2030, which constitutes the roadmap for the digitalisation of key public services in Romania (see Box 1).

The vision informing the public policy proposal is that it is necessary to **adopt a coordinated and integrated approach for the implementation** of the e-Government process and the e-Government policy in Romania, as well as for the reduction of bureaucracy. To this end, a **Committee for e-Government and Bureaucracy Reduction** was established in May 2021. The Committee is a mechanism for guiding and monitoring the implementation of e-Government Public Policy.

As a sign that the adoption of measures promoting development of e-Government and reduction of bureaucracy is a key government priority, the Committee is chaired by the Prime Minister. The Committee includes a comprehensive list of public stakeholders regarding the digitalisation of public services, with 27 institutions, including all Ministries. Key actors include the Ministry of Research, Innovations and Development, the Authority for the Digitalization of Romania, the Ministry of Economy, Entrepreneurship and Tourism and the Finance Ministry.

The main objective of the E-Government and Bureaucracy Reduction Committee is to provide a framework for debate and decision-making on key initiatives, measures, and projects on debureaucratization and to ensure coherence in the implementation of the e-Government policy proposals.

In the field of e-Government, the Committee has the following tasks:

- integrated coordination of e-Government interventions at the level of institutions responsible for the implementation, administration and functioning of electronic public services;
- providing the framework for debating the main initiatives, measures and projects on e-Government to ensure compliance with common technical standards and regulations in the field of e-Government, offering a forum for inter-institutional debate of initiatives included in public e-Government policy and other programmatic documents, strategic or regulatory frameworks in the field, at national and European level;

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1. Study on the implementation of Digital Governance in Romania, PwC, 2018

## 4. Digital business platforms

### BOX1. CAUSES AND MEASURES TO SOLVE INSUFFICIENT DEVELOPMENT IN ROMANIA OF ELECTRONIC PUBLIC SERVICES FROM THE PUBLIC POLICY PROPOSAL FOR E-GOVERNMENT

The strategy adopted by the Romanian Government identifies the **main causes of the insufficient digitalisation in public administration and proposes a list of 14 measures to address these shortcomings.**

The analysis identified 4 major causes for the insufficient development of electronic public services in Romania:

- lack of an efficient and effective IT architecture for the general management of electronic public services
- lack of information systems necessary for central public institutions to operate electronic public services
- insufficient e-Government and human resources specialists in the IT departments of public institutions and authorities and, in conjunction, lack of the skills needed to develop and maintain electronic public services
- lack of a unitary and effective legislative and procedural framework for supporting electronic public services

The **14 proposed measures** to solve these problems include:

- Establishing and operationalising the governmental **nodal point (hub) of interoperability** at the level of public administration
- **Creating a national catalogue of public services** and, in conjunction with it, complete identification of the data registers necessary for future electronic public services
- Establishing and operationalising identity and access management – PSCID platform and electronic identity card
- Widely introducing **qualified electronic signatures** for relevant public administration employees

- ensuring the coherence, monitoring and evaluation of the implementation of the public policy on e-Government;
- prioritizing and validating the proposals regarding e-Government and the functioning of electronic public services at the level of the institutions responsible for the implementation, administration and functioning of these services.

#### 4.1.4. Key e-Government infrastructure – Public sector IT platforms

The provision of digital public services and e-Government in Romania is supported by several key IT platforms that directly serve institutions, citizens, and the business sector. The most relevant IT platforms with a horizontal, national role that consolidate e-Government in Romania are the following:

- National electronic system (SEN) – <https://www.e-guvernare.ro/>
- Electronic point of single contact (PCUE) – <https://edirect.e-guvernare.ro/SitePages/landingpage.aspx>
- National electronic system for online payment of taxes and duties (Ghiseul.ro) – <https://www.ghiseul.ro/ghiseul/public> (see Box 2)

- Developing the Government Cloud and, by association, the national framework for providing PaaS and SaaS services
- Further developing the information systems needed for electronic public services associated with the life events addressed in SNADR 2020 and the administrative procedures established by Regulation (EU) 2018/1724
- Developing critical IT systems as well as other IT systems associated with key areas or sectors of public intervention
- Designing non-sectoral projects to horizontally support the development of e-Government (big data projects, artificial intelligence, blockchain, high performance computing, quantum computing)
- **Quantifying the need for IT specialists** at the level of public administration and preparing a national plan for the development of their skills
- Creating a **body of e-Government specialists** responsible for transposing public policy in the field of e-Government at the level of the public institutions and authorities to which they belong
- Increasing the degree of **digital skills of public administration employees** by implementing projects for the development of electronic public services
- Consolidating / adjusting the provisions of the **framework legislation in the field of e-Government.**
- Consolidating / adjusting the provisions in the field of e-Government in the sectoral legislation of public services

## BOX 2. GHİȘEUL.RO – NATIONAL ELECTRONIC SYSTEM FOR ONLINE PAYMENT OF FEES AND TAXES USING THE BANK CARD (SNEP)

Ghiseul.ro – the National Electronic System for online payment of fees and taxes using the bank card (SNEP) was established through Government Decision 1235/2010 on the approval of the implementation of the National Electronic System for online payment of fees and taxes using the bank card (SNEP), with subsequent amendments and completions. Ghiseul.ro is a component of the National Electronic System (SEN).

The Ministry of Communications and Information Society launched Ghiseul.ro on March 31, 2011. The online payment platform was a successful example of public-private partnership, as the IT system was provided free of charge by the Association for Electronic Payments in Romania (APERRO) – an association that promotes electronic payments and has representatives from 14 entities including banks, international card schemes, processors and technology providers. The platform is managed jointly by the Authority for the Digitalisation of Romania and Association for Electronic Payments in Romania. The system is designed as an open system whose main attribute is to facilitate the integration with other functional information systems.

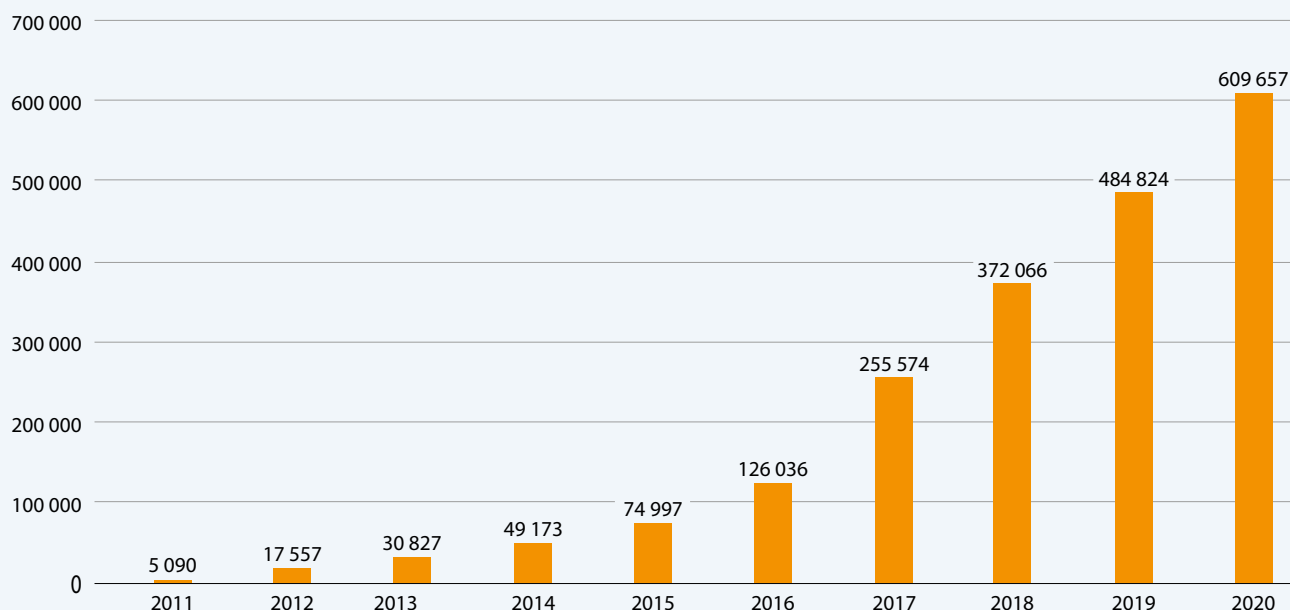
According to official data provided by the Authority for the Digitalisation of Romania, Ghiseul.ro registered a significant increase in usage in the context of the COVID-19 pandemic – in April 2021, it became the first public digital platform of the Romanian state that reached 1,000,000 active users (for reference, in July 2020 it had 675,000 users and in December 2020 it had 760,000 users – a 55% increase from December 2019). In addition to the exponential growth of new users, in just three months the platform processed around 1 million transactions, worth around 380 million RON (77 million EUR) in the first 100 days of 2021. Since the

beginning of 2021, over 280,000 users have registered on [www.ghiseul.ro](http://www.ghiseul.ro), the equivalent of an average of almost 2,700 new users every day.

According to statistics provided by the Authority for the Digitalisation of Romania (ADR 2020b), in 2020 over 60 new types of payments were introduced on ghiseul.ro. At the same time the platform for payments made by legal entities was launched, including for private providers of public utilities. Moreover, all types of payments related to the provision of any public service are now integrated, including community services of public utility, and Ghiseul.ro was interconnected with the Virtual Private Space (SPV) of ANAF. Since the interconnection of the SPV with Ghiseul.ro, over 36,000 transactions were processed and over 8.8 million RON were collected. In addition, it is now possible to pay for the most frequently requested public services: driving permits, passport fees, temporary movement permits and registration certificates. Furthermore, the option to pay all fines, including those provided in the Military Ordinances for actions related to breaching COVID-19 pandemic legal obligations, was introduced on the platform.

As of December 2020, users can pay over 300 types of payments online. Also due to the COVID-19 pandemic, new local administrations enrolled on the platform (over 30 cities and over 400 communes). More national institutions also joined: DRPCIV, RA-APPS, National Printing House, Academy of Economic Studies Bucharest (ongoing enrolment), Romanian Waters National Administration (ongoing enrolment), the Romanian Road Authority (ongoing enrolment), Labour Inspectorate – I.T.M (ongoing enrolment). The website registered a record number of daily transactions for a single institution (2,800 / day of allowed payments car / certificates / authorisations).

**Figure 7. Number of payments realised through Ghiseul.ro (2011-July 2020)**



Source: Romanian Government & EY, 2020.

## 4. Digital business platforms

In addition, a series of Romanian public institutions have developed other platforms with a sectoral specificity, used by the business sector, such as:

- Online Trade Register (ONRC portal) – <https://portal.onrc.ro>
- National Public Procurement System (SEAP) – <http://www.e-licitatie.ro> – managed by the Authority for the Digitalisation of Romania- All Romanian contracting authorities are required to publish their notices within the framework of public procurement procedures, and all businesses aiming at supplying products or services to a public authority have to access the platform. This system simplifies procedures for both suppliers and purchasing agencies. The system is the national single point for the transmission of public procurement notices to the EU Official Journal. Furthermore, it offers interactive and transactional services dedicated to sustaining 20% of the total amount of public acquisition.
- Information system of the Ministry of Public Finance and the National Agency for Fiscal Administration – platform for digital public services, of which the most used are:
  - Electronic document submission system (through which the tax returns and reports of all taxpayers from Romania – companies, public institutions, individuals, and public administration – are processed digitally) – [https://www.anaf.ro/anaf/internet/ANAF/servicii\\_online/declaratii\\_electronice](https://www.anaf.ro/anaf/internet/ANAF/servicii_online/declaratii_electronice)
  - Virtual Private Space (SPV) – The Virtual Private Space is a service intended for both individuals and legal entities or entities without legal personality, enabling the electronic communication of information and documents in connection with the tax situation of taxpayers. SPV provides a virtual space located on the servers of the Ministry of Public Finance / National Agency for Fiscal Administration, and the documents communicated through this service have the same legal power as those communicated by mail or at the counter – <https://pfinternet.anaf.ro/> – 1.47 million users registered – 930k private persons, 550k legal persons (data from December 2020)
  - The system of the National Agency for Cadastre and Real Estate Advertising for issuing land book extracts – <https://epay.ancpi.ro/>
- The Court of Justice portal – <http://portal.just.ro/>

### 4.2. DIGITAL SERVICES FOR BUSINESS: THE DEVELOPMENT OF AN ELECTRONIC POINT OF SINGLE CONTACT IN ROMANIA

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#### 4.2.1. EU Legislative Framework

One-stop-shops are key instruments used by governments around the world to streamline business registration processes and also allow firms to benefit from digitalisation (OECD, 2020a).

Within the EU, as part of the Lisbon strategy and the Services Directive (2006/123/EC), all Member States were required to provide one-stop shops (OSS) for company registration. The Service Directive included a requirement for Member States to establish Points of Single Contact (PSCs) by the end of 2009 – i.e. to establish one-stop shops that would help to simplify the establishment and expansion of businesses in the Single Market.

In addition to EU-level recommendations, the need for one-stop shops was also raised in OECD recommendations. The OECD 2012 Recommendation on Regulatory Policy and Governance (OECD, 2012) states that countries should “Review the means by which citizens and businesses are required to interact with government to satisfy regulatory requirements and reduce transaction costs” and that governments should “employ the opportunities of information technology and one-stop shops for licences, permits, and other procedural requirements to make service delivery more streamlined and user-focused”.



By the end of 2008, 18 of the 27 EU countries had set up their one-stop shops, with a reduction of the average time to register a company in the EU between 8 and 9.5 days, compared to an average of 24 days in 2002 (World Bank, 2009). However, initial assessment of the PSCs by the EU Commission (in 2012 and 2015) revealed that most countries were still struggling to comply with all requirements of the Services Directive and, still to date, full implementation of the PSCs continues to be a challenge (OECD, 2020), except for some countries performing reasonably well (European Commission, 2019a).

#### **4.2.2. Romanian legislative framework**

In Romania, the Electronic Point of Single Contact (“Punctul de Contact Unic Electronic”, PCUE) was implemented to ensure the transposition of Directive 2006/123/EC, the “Services Directive”, into Romanian legislation. In particular, the Electronic Point of Single Contact was established through the Government Emergency Ordinance 49/2009, adopted with modifications and completions through Law 68/2010, on the freedom of establishment of service providers and the freedom to provide services in Romania. According to GEO 49/2009, the electronic PCU shall ensure that providers can easily and remotely complete by electronic means all the procedures and formalities required for access to their service activities, in particular the declarations, notifications or applications required to obtain the authorisation, including applications for entry in a register; and any applications for authorisation required for the performance of service activities. Competent authorities shall register a service in the electronic PSC within a maximum of 60 days from the date on which it becomes operational. Moreover, any modification must be registered in the Electronic Point of Single Contact within 10 days of the modification being operated.

Government Decision 922/2010 on the organisation and functioning of the electronic point of single contact, implementing GEO 49/2009, regulates the operation and organisation of the electronic point of single contact (electronic PSC) as a public utility information system, an integral part of the e-Government system in the National Electronic System. The electronic PSC facilitates, for citizens and the business environment, digital access to a series of public services in several domains, for example: tourism, consumer protection, work, public utilities, taxation. The electronic PSC was due initially to become operational by 28 November 2009 but became operational by 1 December 2010 and is publicly available starting on November 28, 2011, with the implementation process registering a series of delays.

The target of the portal is to allow for easy retrieval of all information, working procedures, as well as a set of interactive forms needed by service providers who wish to conduct their activity in Romania. Furthermore, it provides information about the national business context, objectives and benefits, the authorities concerned, legislation in the field and financing arrangements (ISA2, 2020).

#### **4.2.3. Institutional set-up: management of the Electronic Point of Single Contact in Romania**

A National Management Centre for the Information Society and a National Centre for Digital Romania were established in 2009. These were the initial authorities responsible for the construction, operationalisation, and administration of the Electronic Point of Single Contact. These two institutions were merged in 2012 into a new Agency for the Digital Agenda of Romania (AADR). In February 2020, an Authority for the Digitalisation of Romania (ADR) was created through the merger of the Agency of the Digital Agenda of Romania (AADR) and the Ministry of Communications and Information Society (MCSI) and is currently managing the Electronic Point of Single Contact.

The Authority for the Digitalisation of Romania brought together the departments directly involved in designing, financing, and monitoring the implementation of digitisation projects through European funds, together with the departments managing online public services and strategic development programmes. It is organised as a structure with legal personality under the subordination of the Ministry of Research, Digitalisation, and Innovation, having the role of realising and coordinating the implementation of strategies and public policies in the field of digital transformation and the information society developed by the Ministry.

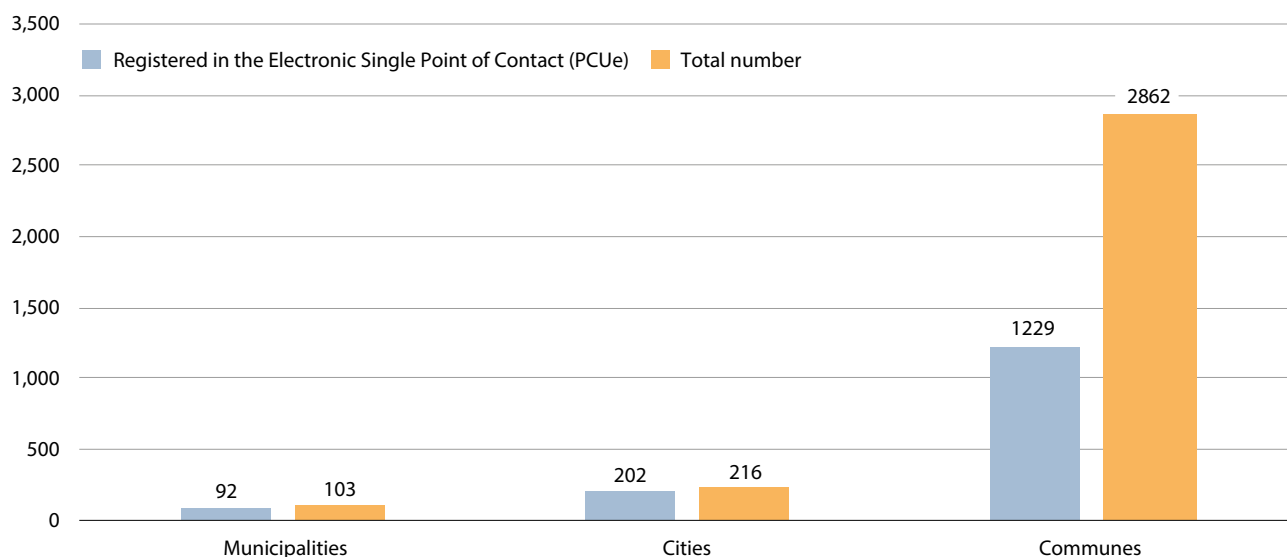
## 4. Digital business platforms

### 4.2.4. Statistics on the use of Electronic Point of Single Contact

According to the Authority for the Digitalisation of Romania, in July 2020, 1,928 territorial administrative units/institutions/public authorities were enrolled in the Electronic Point of Single Contact. Out of the total number of registered authorities, 405 entities represent central public administration institutions and professional bodies. Approximately 91% of Romanian municipalities and cities are registered (respectively 92 municipal mayoralties and 202 city mayoralties). Only about 42% of communes are registered out of 2,862 communes (Romanian Government & EY, 2020) (see Figure 8).

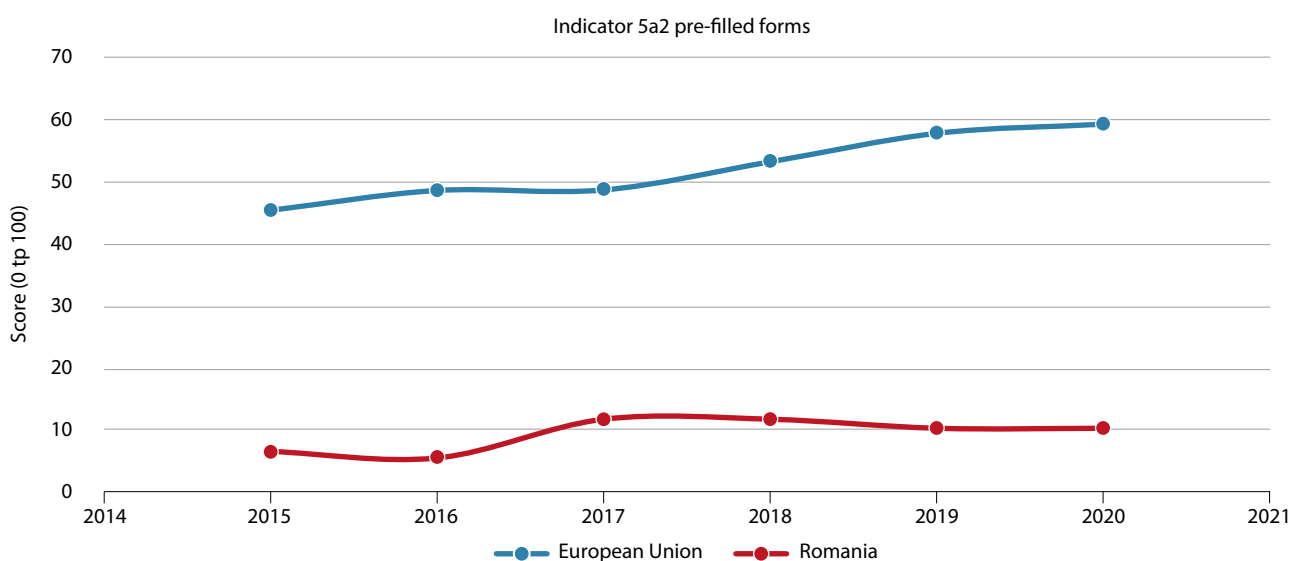
At the beginning of July 2020, the number of administrative procedures configured within the Electronic Point of Single Contact was 4,471, of which 1,557 or 34% of the total were informational procedures. These procedures allow users access to the information area on the main areas of interest for citizens and the business environment, as well

**Figure 8. Number of Romanian City Halls registered in the Electronic Point of Single Contact, as of July 2020**



Source: Romanian Government & EY, 2020.

**Figure 9. Comparison between Romania and European Union, indicator on pre-filled forms**



Source: Romanian Government & EY, 2020.

as downloading the necessary documents to be presented at the headquarters of the institutions, in paper format, in order to obtain a service/benefit. The operational procedures were 2,914 or 64% of the total. These procedures allow the initiation and completion of a procedural flow in an entirely electronic way, in order to obtain, for example, an authorisation, an opinion, a town planning or fiscal certificate. Romania scores well below the EU average for the use of pre-filled forms (see Figure 9). On the basis of these figures, Romania ranks at Level 2 of digital sophistication in the assessment of sophistication for electronic services used at the EU level, which ranges from Level 1 being the least sophisticated to Level 5 being the most sophisticated. The sophistication is assessed based on a series of characteristics held by the electronic public services: information, one-way interaction, bidirectional interaction, transaction, and personalisation.

As of July 2020, the following institutions were also registered in the Electronic Point of Single Contact electronic system: 36 School inspectorates; 65 Universities; 8 Academies; 2 Libraries; 16 Ministries; 98 Central and local government agencies and structures; 41 Territorial Directorates of Public Health; 87 Professional orders; 42 Social Assistance Directorates; 41 Paying Agencies and Social Inspection; 41 Prefectures; 41 County Employment Agencies. While the number of institutions registered in the Electronic Point of Single Contact has increased, especially in the context of the COVID-19 pandemic, there is significant scope for adding other institutions, as well as providing more services and procedures from the respective institutions on the Electronic Point of Single Contact. The total number remains low, compared with the total number of public institutions and public procedures present in Romania. This is particularly the case for municipalities (see Box 3).

In the second half of 2020, over 1100 new procedures were registered in the portal, so the total number of available procedures increased to 4,633 (as of December 2020) compared to 4,471 in July 2020 (ADR 2020b).

By facilitating access to electronic public services for procedures such as obtaining a fiscal certificate, an urbanism certificate, the authorisation of the pharmacies, establishing the price of medicines, obtaining the energy auditor certificate and reserving parking spaces, the Electronic Point of Single Contact recorded an increase of over 25,000 users in 2020. This means the number of users more than doubled in 2020, from 2019 (from approximately 16,000 users to 41,000 users).

### 4.3. KEY ONGOING DIGITALISATION REFORMS

#### 4.3.1. Interoperability – National Interoperability Framework (CNI) and Interoperability Law Project

The National Interoperability Framework (CNI) approved by Government Decision 908/2017, with subsequent amendments and completions, has the central objective to promote and support the provision of public services in Romania by developing inter-institutional, inter-sectoral and cross-border interoperability. The CNI also introduces a set of general interoperability principles that are relevant for the process of establishing electronic public services in Romania.

#### BOX 3. THE AVERAGE DEGREE OF DIGITALISATION OF ROMANIAN TOWN HALLS

According to a report issued by Zitec (Zitec, 2020), a company active on the IT & digital marketing market in Romania, the average degree of digitalisation of Romania city halls is only 32.3%. The report also shows that three quarters of mayoralities do not use official e-mail addresses in communication between employees and the public, but rather personal addresses of employees are used – a practice which introduces numerous security risks and potential breaches of personal data protection. More than half of the institutions do not have electronic registration applications, but use physical registration, on paper.

Similarly, according to GEO 38/2020, city halls must provide citizens with a public portal for receiving electronic documents. Only 24% of the municipalities participating in the Zitec study offer this facility.

A number of city halls have made serious efforts to move into the digital age. In almost 45% of the municipalities participating in the study, citizens can save time by avoiding queues and paying taxes online, and 65% of them use the electronic signature.

From January 2020, the mayoralities are obliged by the Administrative Code to publish the documents of public interest in the Local Official Gazette. However, only 70% of respondents comply with this provision.

## 4. Digital business platforms

The framework addressed issues such as underlying principles, the conceptual model for public services, the interoperability levels, the interoperability dimension in the decision-making processes of Romanian public services to support the implementation of Romanian policy initiatives (ISA2 and EC, 2020).

The Law on the National Reference Framework for Achieving Interoperability in the Field of Information and Communication Technology (CNRTIC) was still in the draft phase as of October 2020. The purpose of the draft law is to establish a general framework for managing the interoperability of information systems of public institutions that must provide services to business and citizens. The draft law aims to establish the premises for the unitary organisation of ICT architectures of public institutions and authorities, so that they can work together, and this would also comprise cross-border (including legislative and administrative measures leading to the interconnection of databases). In June 2019, the Ministry of Communications and Information Society (MCSI) launched a public consultation on the project for achieving interoperability between institutions in the field of information and communication technology, but the project has not been adopted yet (see Box 4).

Database interoperability is a key element for transformation of the digital public sector. The current situation, in which there is a lack of interoperability in digital infrastructure, is a major disadvantage, as there is no transfer of information between databases of public institutions. Adopting the “once-only” principle could make information managed by a public institution accessible to other institutions as well as citizens, who would no longer have to provide the same data every time they interact with state authorities. Once implemented, interoperability will significantly reduce the time required for the management of a public service, ensuring the traceability of information and better transparency of public services.

The lack of or limited interoperability, resulting in limited communication between major IT systems is one of the most acute problems of digitalisation. In Romania, over the last two decades, significant resources have been spent in the acquisition of hardware and software systems, but institutions have created IT systems that either do not communicate with each other or are simply incompatible with other institutions with which those of they should cooperate. The results are evident in the performance of Romania in terms of rolling out digital services (see Box 5).

In terms of government electronic architecture, the status quo is characterised by the absence of uniform standards imposed through law and there is no mandatory requirement for the way in which the IT systems of an institution must be designed, in terms of interoperability with other public institutions and access by users (businesses and

### BOX 4. THE NATIONAL INTEROPERABILITY FRAMEWORK (CNI) AND PUBLIC REGISTERS

The core components of the conceptual interoperability model include interoperability facilitators, basic registers, and external services. The basic registers for the approval of the National Interoperability Framework are regulated by Government Decision 908/2017, with subsequent amendments and completions. The registers are under the legal control of a public authority or institution and are managed and operated by it, but this information must be made available, with appropriate security and confidentiality measures, for widespread re-use.

In Romania, eight basic registers are currently regulated. Of these, the national register of persons, the integrated system of cadastre and land book, the trade register and the register of insolvency proceedings are the most significant for the business sector, being key structures that facilitate doing business in Romania.

One key element of the draft law project initiated in June 2019 is to establish a framework of basic registers. Five basic registers have been defined: the register of persons, addresses, land, companies, and cars.

According to the project, the National Register of Registers (RNR) is established, which functions as an index of data stored by public institutions. The Register of Registers will be administered by the Authority for the Digitalisation of Romania, which will compile it in collaboration with the public institutions that hold this data. This law gives the Authority for the Digitalisation of Romania the role of assisting public institutions and authorities to ensure compliance with the law of digitalisation projects developed by public institutions.

Currently, there is no Government-wide inventory of all public services made available to citizens and private legal entities with which to make a thorough assessment of the degree to which electronic platforms enable interaction with beneficiaries. The preparation of an inventory or register of all public services (provided by the central and local public administration) and the analysis of their current digital sophistication are necessary for the correct quantification of the digitisation gap of the Romanian public administration compared to successful models at international level and for monitoring progress over time (Proposal for Public Policy for e-Government).

citizens). Consequently, the information is generally not user-focused, but it is developed based on the specific context and positioning of the respective institution, with the databases for all institutions not being built according to the same conceptual development matrix, or with a view to being compatible.

In December 2020, the Authority for the Digitalisation of Romania has started testing an interoperability solution (ADR 2020b). It remains to be seen whether Romanian authorities will manage to promote the adoption of the required legislation to implement the national reference framework for interoperability (CNRTIC). Equally important will be to develop the required interoperability standards and require public institutions to adopt the respective standards – an essential ingredient in improving the status quo in terms of provision of digital public services in Romania.

The Authority for the Digitalisation of Romania also has a project for the creation of a catalogue of public services – representing a tool to monitor progress of digital transformation of public administration and to inform strategic decisions of the government in matters of digital transformation. The general objective of the project, which started in May 2018, is to implement the Technological Interoperability System with EU Member States (SITUE) which will be based on the construction of the eIDAS node for Romania and will interconnect it with the eIDAS nodes of other Member States and electronic identity and service providers in Romania. SITUE will be used for national and cross-border authentication of persons in relation to governance service providers and will make it possible to communicate between the national electronic identification infrastructure and the national electronic identification infrastructures of other EU Member States. The project will streamline business procedures for companies active in Romania, in terms of interacting with other entities from EU member states.

#### 4.4. INTERNATIONAL BEST PRACTICES ON DIGITAL PUBLIC PLATFORMS

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This section presents selected country examples on managing one-stop shops and digital public platforms for business. The examples highlight the strong linkages between digital and simplification reforms. The section draws on information collected at an Expert Group Workshop on Digital Business-Licensing Platforms organised by the OECD, the EC and the Romanian Competition Council on 8 April 2021. The examples focus on four countries: Estonia, Portugal, Spain and Slovenia.

Overall, the experience of these countries highlights a number of key implementation challenges and lessons learnt which are of particular relevance for Romania:

- **Digitalisation should ideally be introduced after procedures have been simplified.** It is important to focus on simplifying and transforming the regulatory framework before digitalising procedures, in order to avoid digitalising unnecessary complexity.
- **Digital solutions should be closely co-ordinated with legislative reforms,** so that legislation allowing for the use of digital services can reflect digital solutions and facilitate their implementation. To this end, close collaboration of technological and legal experts is key.
- **Portals should be entrepreneur-friendly,** putting the entrepreneur's needs, rather than government needs, at the centre of the design. Once the digital platforms are user-friendly, well-designed and well-supported, using them should become compulsory for both public authorities and entrepreneurs.
- **Simplification and digitalisation are continuous processes, requiring support and resources over time.** Investments on digitalisation should not be one-off expenses, but rather, resources should be planned in advance to maintain and update platforms and ensure that systems remain up to date.
- **Resistance to changes in behaviours and established practices within the administration needs to be factored in.** Targeted trainings can be key to overcome this reluctance.

## 4. Digital business platforms

- **Invest in the appropriate human resources for implementation.** It is important to be able to attract capable IT experts to help support the implementation of the digitalisation process.
- **Lack of interoperability between public institutions' databases is a key challenge to address to avoid unnecessary costs and complexity.** There can be significant reluctance from institutions to share and link databases. Some countries have overcome this challenge by introducing mandatory requirements in legislation, and building their own sharing platform.

The sections below provide a detailed overview of country experiences and the challenges encountered in the implementation of the digitalisation efforts.

### BOX 5. EUROPEAN COMMISSION DESI ANALYSIS OF E-GOVERNMENT IN ROMANIA

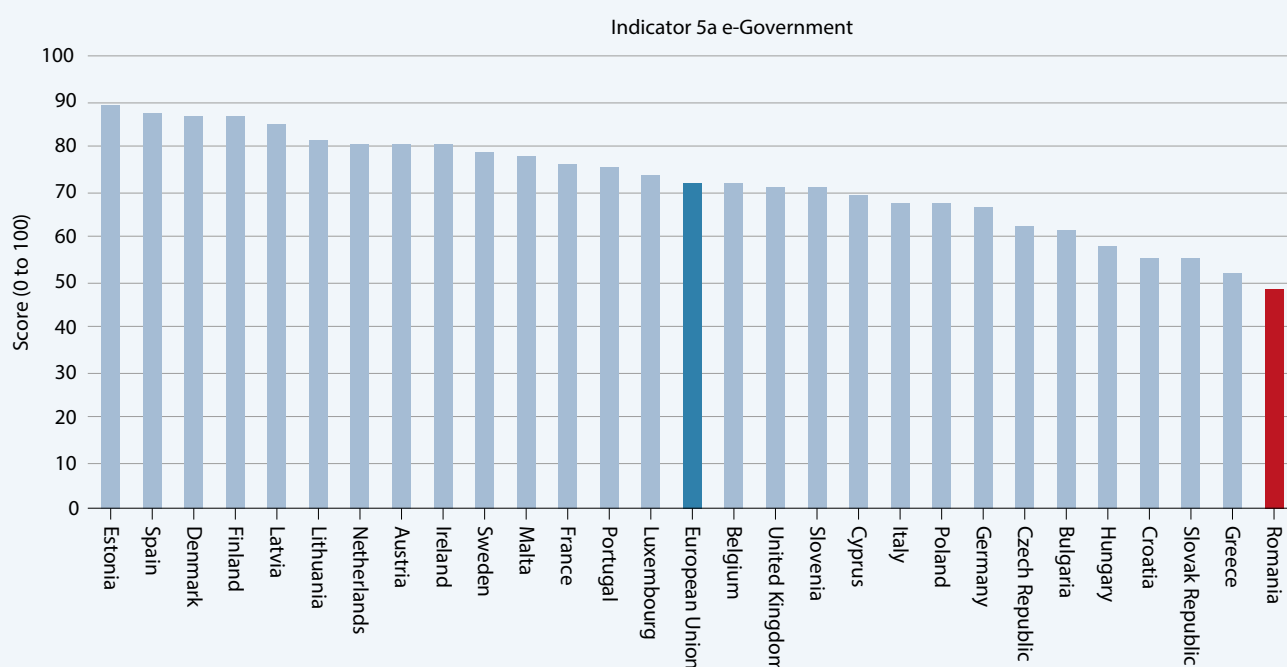
The key relevant measure of progress in e-Government is the Digital Economy and Society Index (DESI) published by the European Commission, which captures about 30 indicators relevant to the EU's digital performance in terms of five dimensions: connectivity, human capital, Internet use, integration of digital technology and digital public services.

Regarding the DESI measurement of the European Commission, Romania is at the 26th place out of the 28 European countries at the time of the study (data for 2019) – the weakest evaluations being received for the dimensions of the use of internet services and digital public services. At the same time, although Romania registers delays, sometimes significant, in all dimensions of DESI, it is on an upward trend. In terms of digital public services for businesses, Romania ranks last among all countries under study, and the e-Government dimension is on an upward trend, although at a considerable distance from the European Union average.

According to the DESI methodology of the European Commission, Romania scores as follows:

- **Users of e-Government solutions** – 8th place in the EU, with 82% of Internet users submitting completed forms online to the authorities in the last 12 months (vs 67% EU average)
- **Pre-filled forms** – 28th place in the EU – Score 10 vs 59 EU average, calculated as the amount of data that is pre-filled in the online forms related to public services.
- **Services made entirely online** – 28th place in the EU – Score 70 vs 90 EU average, calculated as the share of administrative stages related to major life events (birth of a child, a new home, etc.) that can be performed online.

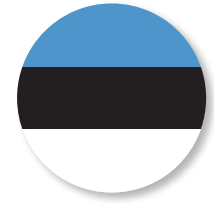
**Figure 10. Comparison between Romanian and European Union, Indicator 5a e-Government**



Source: European Commission DESI 2020 (data for 2019)

#### 4.4.1. Estonia

Estonia provides useful lessons for creating strong collaboration between legal and operational reforms to ensure inter-operability of electronic systems and alignment of simplification principles with the features of digital platforms.



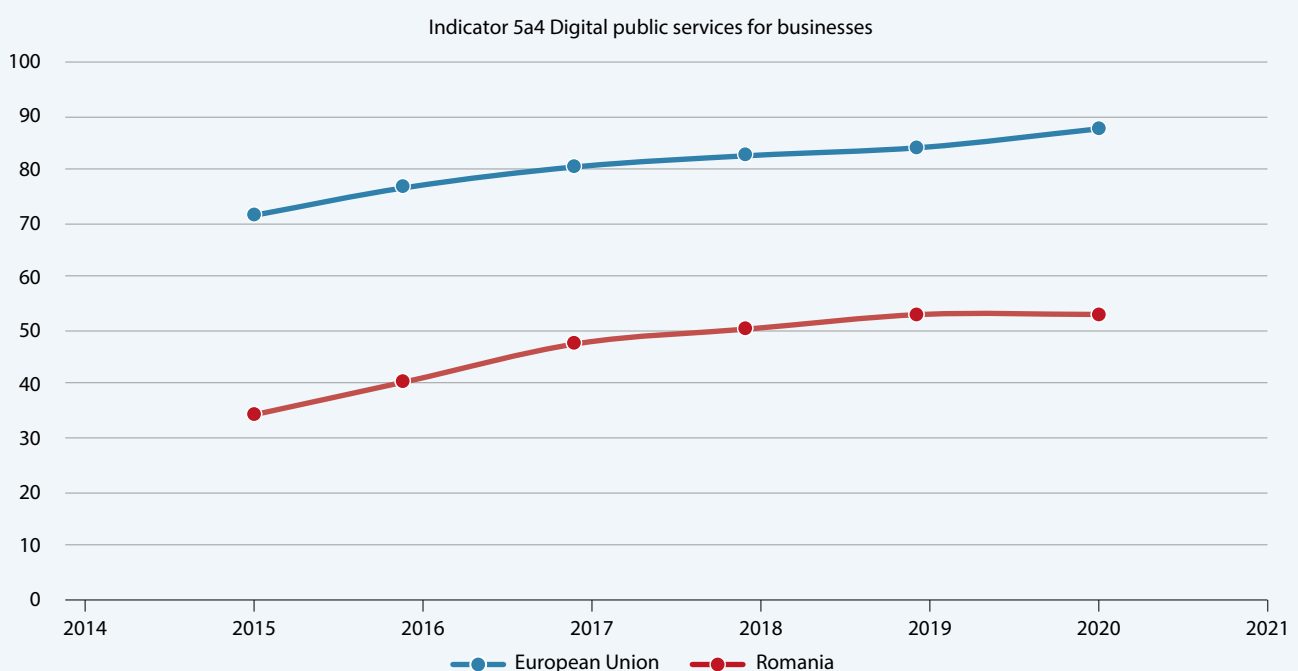
The core of **e-governance** in Estonia involves the following policy principles:

- Free data exchange between Government institutions through a secure open-sourcedata exchange system named X-Road;
- Once-only principle;
- Citizen as owner of the data;

- **Open data** – 22nd place in the EU – 57% vs 66% EU average of the maximum score. This indicator assesses the extent to which countries have a policy on open data in force (including the transposition of the revised PSI Directive), the estimated political, social and economic impact of open data and the characteristics (features, availability, data and use) of the national data portal.
- **Digital public services for businesses** – 28th place in the EU – Score 53 vs 88 EU average. The indicator broadly reflects the share of public services needed to start a business and conduct regular business operations that are available online to both national and foreign users. Services provided through a portal receive a higher score, while services that only aim to provide information (but must be completed offline) receive a more limited score.

Romania has made considerable efforts to develop the field of e-Government driven especially by using the available dedicated European funds, but also by the pressures generated by the launch of SNADR 2020 to adhere to the European digital agenda. However, Romania still ranks last in the European Union in terms of the availability of public services made entirely electronically and last in terms of availability of electronic public services for business (European Commission, 2019 and 2020).

**Figure 11. Comparison between Romania and European Union on Digital Public services for businesses**



Source: European Commission DESI 2020 (data for 2019)

## 4. Digital business platforms

- Transparency and– open data to make activity licences publicly available to the market;
- All activity licence registrations have to be digital;
- Freedom to perform an economic activity without restrictions as a basic right (since 2014, only activities which are dangerous for the environment or for society or for the government require restricted licences).

In terms of **technology**, the key principles include:

- Secure decentralised data exchange through X-Road;
- State portal serving as a single window for entrepreneurs;
- Catalogue of government data services;
- Electronic identity. Authentication is made possible through ID-Card/ Mobile /Smart-ID and electronic signature (e-gov 3.0).

The Estonian system thus presents a number of features making it a good practice for well-designed business-licensing platform/registration portal/one-stop shops. First, it is designed to be entrepreneur-friendly, putting the entrepreneur's needs, rather than government needs, at the centre of the design. The introduction of the one-stop shop goes in this direction, simplifying procedures from the point of view of the entrepreneur and integrating all steps in one place. The entrepreneur just deals with one interface that then connects with other institutions. Most of the documents are already in the public system and do not need to be requested to the entrepreneur. Moreover, the Estonian system strives to be transparent, configurable, adaptable, interoperable, electronic, self-service and paper free, avoiding requests for original documents.

In term of interoperability, Estonia initially experienced significant implementation challenges with encouraging institutions to voluntarily share their databases. To address this, the government built its own sharing platform and mandated sharing by law to facilitate this process. The government is now no longer allowed to ask citizen a document if this document was already requested by the government before and citizens are not requested information twice as there is sharing between public institutions (Only Ask Once Principle). The citizen is the owner of the data – the government institution does not decide where the data goes.

Importantly, the cooperation between technological and legal experts was instrumental for the design and implementation of these interoperability principles, as was the quality change management that guided the transition.

The goals of a good one-stop shop include minimum interaction, minimum requirements: fewer documents and less data, request once, simultaneously, pay once, simultaneously, and get authorisations once, simultaneously. In Estonia, currently, thanks to the principles outlined above, the entrepreneur applies to the various authorities and the administrations have access to the user database (in which all the data, documents, and certificates that the entrepreneur has filed in the past are stored) to proceed with the eRegistration application.

As highlighted in the the Expert Group Workshop on Digital Business-Licensing Platforms organised by the OECD, the main challenges for the implementation of one-stop shops in Estonia include:

- **Changes in mindsets:** The Estonian reforms moved from a system with numerous prohibitions to a mindset of wide freedom of activity, a change which encountered some reluctance from public institutions. Significant efforts were put in place to ensure that although the change implied wider economic freedom, effective control would still be guaranteed;
- **Coordination of changes:** Quality change management was instrumental to ensure that changes were not only implemented widely but also clearly explained to all parties involved;
- **Financing:** The process highlighted the need for central financing supporting implementation in different ministries;



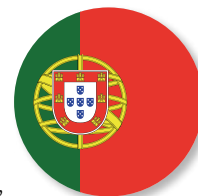
- **Continuation:** The transformation process does not stop after initial change: digitalisation is a continuous process and has to be constantly updated.

To address these challenges, Estonia decided to put regulations in one law, by streamlining the procedure and requirements. Moreover, the key lessons from Estonia in terms of overcoming the challenges of involving several stakeholders in the implementation phase include adopting the point of view of entrepreneurs, understanding their difficulties linked to significant red tape, long and time consuming processes. These difficulties included multiple places to register – 18 activity registers, information and rules initially scattered in numerous laws as well as a lot of original documents required. Moreover, digitalisation in Estonia required an understanding from public institutions that disorganised management of activity registrations is inefficient and costly for government (personnel cost, technology cost). Other lessons learnt from the Estonian experience are to support the change with proper financing and change management, to find talents to build the IT solutions and the main processes and to find a political champion to lead the change.

A key example in this direction is the registration of an area of activity subject to special requirements. When establishing a company, there are areas of activity subject to special requirements for which the entrepreneur needs an activity licence or submit a notice of economic activity. The activity licence should be obtained, or the notice of economic activity should be submitted, before commencing a business activity in an area subject to special requirements. The entrepreneur can check if the area of activity is subject to special requirements using the database of “Economic Activities (EMTAK)” and can file an application or notice for operating in an area of activity subject to special requirements in the respective register, e.g. “Register of Economic Activities”. The data of a notice of economic activity submitted to the Register of Economic Activities via the State Portal will be immediately entered into the respective register. The data of a notice of economic activity submitted in any other way will be entered into the register the following working day. The application for an activity licence as a rule will be processed in 30 days by the relevant authority and then entered into the respective register.

#### 4.4.2. Portugal

The Services Directive (2006/123/EC) was transposed in Portugal through a horizontal instrument, the Law Decree (DL) 92/2010, which establishes the principles and rules applicable to the access to and exercise of service activities, and through a number of amendments in sector-specific legislation. In this framework, the Portuguese one-stop shop, ePortugal.gov.pt, has been introduced as the starting point for over 1 000 essential government services. The website provides information, guidance and services for citizens and businesses, as well as detailed guidance for professionals and specific groups such as employees, migrants and others, and information on government and policy. Organised on a life events approach for citizens and as part of businesses’ lifecycles, the services offered are provided by 590 entities, from the central government (17 ministries), local government and private entities.



Portugal created the Administrative Modernisation Agency (AMA), a public institution established in 2007, which aims to identify, develop, and evaluate programmes, projects and modernisation actions and administrative regulatory simplification and to promote, coordinate, manage and evaluate the public service delivery system. AMA strategic areas of activity include service delivery, digital transformation, innovation, and public participation. Important Portuguese projects related to AMA activity include On the Spot firm, 2005, Simplex, 2006, Company Portal, 2006, Entrepreneur’s Desk, 2011, Zero Licensing, 2011, Business Spot, 2016 and ePortugal, 2019.

Digital service delivery is now the norm for delivering public service in Portugal through a citizen portal that also contains information for entrepreneurs, available at eportugal.gov.pt. In addition, Portugal has 59 Citizen Shops and 742 citizen spots to help citizens with digital services. Similarly, Portugal created Business Spots called “espaço empresa” that help entrepreneurs with digital services. There are 34 Business Spots with 378 thousand interactions. Moreover, there are Contact centres that provide face-to-face service and can also be contacted via phone and email.

## 4. Digital business platforms

The Entrepreneur's Desk includes a Digital catalogue of multichannel services from opening to closing a business: it also contains information services, developed by some of the project partners and with the public institutions that provide such services.

Fully transactional services are available via the ePortugal portal and municipal services, provided by the host municipality. Since its creation, the Entrepreneur's Desk has helped complete more than half a million procedures: 525 thousand applications were submitted online and 502 thousand were completed. The Entrepreneur's Desk offers the opportunity for businesses to use the contact centre face to face or to use the platform to submit requests.

A key lesson for Romania is the strong link between the design and implementation of digital business platforms and the simplification of licensing procedures. The important learning was that the law should be written first, and only then should the electronic platform be built – in a way that is user-friendly and avoid the complexity of legal texts. A key project was SIMPLEX, launched in 2007, through which more than 2000 simplification measures were implemented, for citizens and mostly for businesses.

The main goal of the SIMPLEX project was to simplify and change the regulatory framework before digitalising the services. For example, opening a restaurant used to take years as public authorities needed to verify prerequisites ex-ante before the activity could open. SIMPLEX introduced a change of mindset: the business owners declare the conformity with regulation and failure to comply brings possible fines or closure ex-post, thus reducing significantly the time when a business can start to operate.

Quality of service did not decrease. A cost-benefit analysis of SIMPLEX shows that through 40 SIMPLEX measures (including 9 measures in 2016 and 31 measures in 2017), there were 170.1 million EUR in savings, 15 million hours saved and 83,4 million EUR gross valued added.

### 4.4.3. Slovenia

Slovenia made starting a business easier through improvements to its one-stop shop that allowed more online services. Within the framework of state support services for business entities, a new national service called SPOT was launched in spring 2018.



- **The portal.** The SPOT portal is dedicated to domestic companies and entrepreneurs, while the EUGO portal is dedicated to foreign companies and entrepreneurs. The EUGO portal provides accurate information about the procedures required for performing business activities in the Republic of Slovenia. This method helps Slovenia meet the requirements of European directives and enables simple and friendlier operations in the domestic market.
- **SPOT Registration – electronic processes with the help of consultants.** The second level of the SPOT system is the physical registration points for supporting business entities. In these points, the user can perform procedures on the SPOT portal with the help of a consultant.
- **SPOT Consulting – business consulting and regional integration.** The third level of the SPOT system is composed of 12 regional consulting points. Their purpose is to provide expert assistance in various fields such as counselling, workshops organisation, training, exchange of good practices, regional integration, co-creation of supportive environment for business subjects, etc. These services help potential/future entrepreneurs to raise market competitiveness.
- **SPOT Global – Assistance to exporters and investors.** This is a public agency providing a rich set of services from the field of internationalisation and foreign investments. It is aimed primarily at exporting companies and investors.

Slovenia's SPOT system (Slovenia business point) was first launched in 2006 and has grown over the years. The portal has been constantly updated and is currently undergoing a major reform. Portal SPOT CORE is currently being simplified,

building on an open-source philosophy. Data layer and service layer green squares will represent the building blocks. The old portal will still be online at the beginning and the transition will be gradual, with a security scheme that will allow authorisation and signing.

The Slovenian digital system only allows to keep documents in the system for 6 months, but entrepreneurs will be able to keep documents from the government in their own space. This allows to minimise efforts from entrepreneurs and respects the once only principle. The system also has automated interfaces (machine to machine) where companies can connect their own software solutions to the system and use the data they already have in their systems and interchange data (connection through application programming interfaces, or APIs). This allows a company to perform a procedure for 80 employees in one click.

One of the key lessons from Slovenia is the importance of considering digital solutions in close co-ordination with the legislative framework so that legislation allowing for the use of digital services can reflect digital solutions and facilitate the implementation of these solutions. Another key lesson from Slovenia is the introduction of legislation that required business to file requests and procedures using the electronic platform, providing an incentive for the public administration to develop electronic services that are user-friendly, well-made, and well-resourced. In addition, Slovenia's experience highlights the challenge of promoting the take-up of IT solutions. Some users may still use printed forms out of habit, even when digital alternatives exist. The adoption of a Digital Strategy for 2030 is expected to provide further incentives for stakeholders.

Examples of simplification measures adopted by Slovenia include: simplification of the common residence and work permit for foreigners in one place (halving the time for obtaining the work permit, with estimated savings of 2.1 million EUR per year); Obligatory electronic applications for social insurance for all legal and physical subjects, with estimated savings of 6.4 million EUR per year; simplification of the registration of guests in accommodation establishments for all legal and physical subjects, with estimated savings of 1.2 million EUR per year (Slovenia developed in 2020 a register of accommodations facilities of owners, with the use of the once only principle) and obligatory electronic certificate of absence from work for all legal and physical subjects, with estimated savings of 11.5 million EUR per year.

#### 4.4.4. Spain

Spain has introduced structural changes supporting the use of e-Government services through several legal modifications: Law 11/2007, Law on citizen's electronic access to public services, Royal decrees 3/2010 and 4/2010 on National security and National interoperability framework, Law 39/2015, Law on common administrative procedure of public administrations and Royal Decree 203/2021, Regulation of the operation of the public sector by electronic means.



In 2014, Spain created the General Secretariat for Digital Administration under the Ministry of Economic Affairs. It aims to develop building blocks to enable digital services, offering support to state, regional and local administrations. The General Secretariat for Digital Administration developed primary digital services, including the default entry point for Public administrations for citizens and businesses to present documents to all public administrations.

Spain is currently planning to develop apps for public services, as well as easier services and new forms of digital identification, while using new tools such as robotic process automation and big data.

In the context of the simplification reforms for business considered for Romania, the CIRCE platform, created in 2003, provides a particularly interesting and relevant example. The platform was established by Law 14/2013 aimed at supporting entrepreneurs and their internationalisation. CIRCE represents an electronic information system for business licensing, managed by the Ministry of Industry, Trade and Tourism- General Directorate of Industry and SME. The platform contains 3 elements: a Single Electronic Document (DUE) system, containing all necessary data, a National Network of one-stop-shops for Entrepreneurs (PAE) and the CIRCE IT System.

## 4. Digital business platforms

- The **Single electronic document (DUE)**, regulated through Spanish Corporate Law and several Royal Decrees,<sup>2</sup> is a meta-application form including all data necessary for business creation and termination. DUE reduces administrative burden for entrepreneurs, replacing 22 application forms of 24 different entities. DUE can be used for the creation of different types of businesses, including limited companies, self-employed, community of goods, civil societies, and cooperatives. Moreover, it can be used for business termination procedures for societies and self-employed.

The **National Network of one-stop shops** includes 3,000 offices (25% Public, 75% Private). Through this network, 5,000 professionals can offer advice to entrepreneurs (from Local and Regional Administrations, administrative, legal, fiscal firms, etc.). The compulsory services offered include general advice and information on legal, fiscal, accounting and Social Security issues and on setting up a business through the CIRCE system by using DUE (free service for the entrepreneur).

A key lesson from the Spanish experience is the importance of good co-ordination across the public administration to advance simplification of procedures for business – as Spain is a highly decentralised country, integrating all procedures represented a significant implementation challenge which was partly addressed by creating synergies and facilitating co-ordination across the high number of procedures and stakeholders. The experience of Spain also highlights the need to offer continuous assistance to entrepreneurs as well as to involve public agents to facilitate the roll-out of digital business platforms.

### 4.5. RECOMMENDATIONS FOR FUTURE REFORMS OF E-GOVERNMENT AND DIGITAL PUBLIC SERVICES – ESTABLISHMENT OF DIGITAL PLATFORMS FOR BUSINESSES

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Romania has made important progresses in the past decade, having introduced both a Digital Strategy in 2015 as key guiding policy document for digitalisation reforms and a series of tools in the direction of creating a digital business platform/comprehensive one-stop shop – namely an electronic point of single contact known as the Electronic Point of Single Contact. Moreover, functional platforms have been created, including the portal of the Trade Registry (ONRC) and the National Electronic Payments System (SNEP) – known as ghiseul.ro.

In May-June 2021, the Romanian Government also adopted key updates of the general framework of digitalisation regarding electronic public services. The Public Policy on e-Government was adopted in June 2021 and an e-Government and Bureaucracy Reduction Steering Committee was created in May 2021 to update and further the 2015 Digital Strategy. Both represent important steps towards the digital transformation of public services and improving digital public platforms in the next decade (2021-2030). The Public Policy document represents a de facto update to the Digital Strategy adopted in 2015 for the e-Government sector.

Despite these positive steps, more remains to be done for the effective establishment of digital platforms for businesses and the work that lies ahead is not without its challenges. The risk is that some of these recent initiatives remain on paper. To avoid this, three main steps are recommended:

#### 1. Create an implementation plan for the recently adopted Public Policy for e-Government

To achieve better results, in the aftermath of the adoption of a strategic framework document, a clear process of implementation of the measures included in the Public Policy should be put in place. This should include a targeted roadmap with clearly indicated deadlines and responsible institutions for implementation.

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2. The DUE has been introduced through a series of regulatory modifications - Law 7/2003 New business limited company: creates CIRCE, DUE, PAE and standardised bylaws, DUE for Limited Societies and Self-employed (2006, 2010), Royal Decree Law 13/2010: sets up maximum time limits for notaries and registrars, Law 14/2013 of support to entrepreneurs and their internationalisation): time limits, more services offered by PAE, DUE update, new procedures included (cessation and termination of the company, Cessation of activity and termination of the company: Royal Decree 867/2015. New types of enterprises included in DUE: Royal Decree 44/2015, including community of goods, civil societies and cooperatives and standardised founding documents and company bylaws: Royal Decree 421/2015 that allows a faster procedure in the Mercantile Registry.

## 2. Empower institutions to follow the implementation plan

Implementation will need to be well coordinated. The institutional framework has improved through changes introduced in 2020. The Digitalisation Ministry (created in December 2020), together with the Authority for the Digitalisation of Romania (created at the beginning of 2020), if given the responsibility and competencies in this direction, can provide the central supervision of the implementation process for the reforms included in a new Digitalisation Strategy, ensuring more coherent public policy implementation.

## 3. Implementation monitoring, assessment and evaluation

The monitoring of the goals established by the SNADR 2020 needs further enhancement. Any new strategic reform should also include clear guidelines for the **monitoring, assessment, and evaluation of implementation**, including the presentation of periodical reports regarding the progress of reform implementation.

A complementary action is to devise tools and indicators to monitor the progress of reforms, using a framework that builds on the DESI ranking developed by the European Commission. The recently created e-Government and Bureaucracy Reduction Committee can establish the respective mechanisms, as well as supervise the entire monitoring process. The Public Policy document on e-Government adopted in June 2021 includes targets on **increasing the digital sophistication of the electronic public services** that are included in the reforms. Moreover, other targets that can be used include **the percentage of institutions providing electronic services**, as well as the percentage of electronic services that are connected to digital public platforms. Moreover, **clear deadlines should be included** and monitored for the implementation of the reform roadmap, ensuring an accelerated adoption of digital transformation measures.

Regarding the Single Point of Contact implemented in Romania, the key digital platform for business interaction with the state, while the Electronic Point of Single Contact was implemented and became operational in 2011, its adoption by Romanian public institutions needs to be accelerated.

The existing infrastructure must be improved, with both the SEN single digital gateway and the Electronic Point of Single Contact requiring further consolidation and streamlining of functionality, with further legislative measures needed to require public institutions to join the Electronic Point of Single Contact and include services with a higher degree of sophistication in their portfolio.

Among the legislative consolidation measures for the electronic point of single contact and the single digital gateway, the following can be considered:

- Indication of a date from which central and local public institutions and authorities have the obligation to provide public services electronically in the Electronic Point of Single Contact in the form of bi-directional procedures.
- Supplementing the list of principles underlying the provision of public information and services by electronic means with the principle of openness (exchange of data between institutions), the principle of “digital by default”, the principle of “once only”, the principle of inclusion and accessibility, the principle of implicit cross-border character – enabling the synergy with other EU member states and the use of the platform by citizens across the EU – the principle of implicit interoperability, the principle of credibility and security.
- Establishment of the electronic point of single contact as a single portal for access to electronic public services.
- Obligation to publish in the Electronic Point of Single Contact the electronic catalogue of basic public services and to integrate the procedures, forms and requests indicated by the public authorities and institutions that provide the basic public services.

Applying the once-only principle in Romania could generate approximately EUR 180 million in savings per year, with half of these savings accruing to companies for the reduced time and effort needed to deal with administrative procedures (Romanian Government & EY 2020).

## 4. Digital business platforms

The success of digitalisation reforms requires an integrated approach, involving a comprehensive, simultaneous overhaul of multiple systems within the existing government electronic architecture (see Figure 12 below). This integrated approach creates synergy and multiplying effects, enabling a higher impact of digitalisation and improving the environment for doing business in Romania.

Effectiveness of these reforms hinges on the interoperability of public databases, without which the full implementation of both the single point of contact and the effective application of the once-only principle remain difficult to envisage. While a Government Decision for the creation of the National Interoperability Framework was adopted in 2017, a draft law published in June 2019 involving more concrete measures towards ensuring interoperability has not been adopted yet. Moreover, to ensure interoperability, it will be key to put in place a better integration of basic data registers, as well as the expansion of data collection and interconnection between various public registers.

In addition, the Government should conduct an inventory of the public services made available to businesses and make an evaluation of the degree of digitisation of these public services, as well as the efficiency and use of the existing electronic platforms (Romanian Government & EY, 2020).

In this sense, the reforms involve centralising data regarding public services and creating tools to monitor their degree of sophistication in terms of digitisation, as well as pushing reforms and legislative measures to streamline the creation of platforms and electronic services in a unitary, coordinated manner, along with the obligation to digitise public services and include them in the Electronic Point of Single Contact.

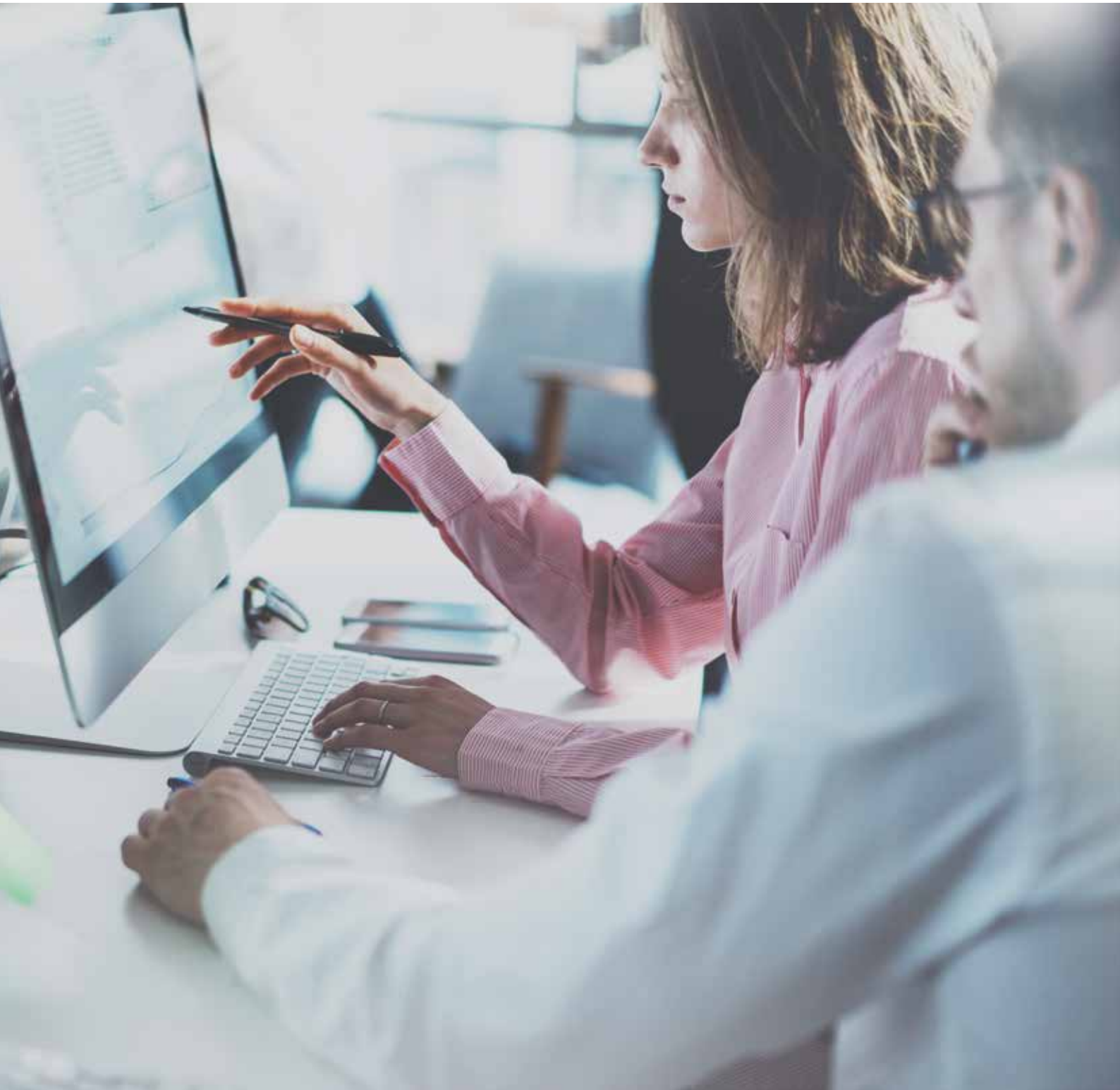
The legislative framework should also provide training for the institutions both in terms of support and consulting regarding the introduction of tools like digital business platforms, as well as training of the staff to overcome reluctance regarding the adoption of these reforms.

The National Plan for Recovery and Resilience (PNRR) and the EU 2021-2027 multiannual financial framework (MFF) provide extensive funds for the acceleration of the needed reforms in terms of digital transformation of the Romanian economy. Both the Romanian Government and the European Commission have set ambitious goals regarding the digitalisation of public administration and providing electronic public services.

A key aspect that must be taken into consideration is that the reforms that should be introduced are interconnected. Thus, principles like interoperability and once-only are co-dependent and create synergies with other principles such as silence is consent and mandatory acceptance of electronically signed documents. Consequently, to avoid the situation created by the introduction of the Electronic Point of Single Contact in 2011 without providing for mandatory digitalisation of public services, it will be key to create clear legislative mechanisms and incentives, with deadlines and sanctions, for the digitisation of Government-to-business (G2B) processes. The implementation of the Public Policy for e-Government should thus involve adoption of laws, preferably a comprehensive legislative package, introducing the principles highlighted above and providing clear implementation guidelines for the digital transformation of public services and improvement of digital public platforms, including clear deadlines, responsibilities and sanctions for failure to implement.

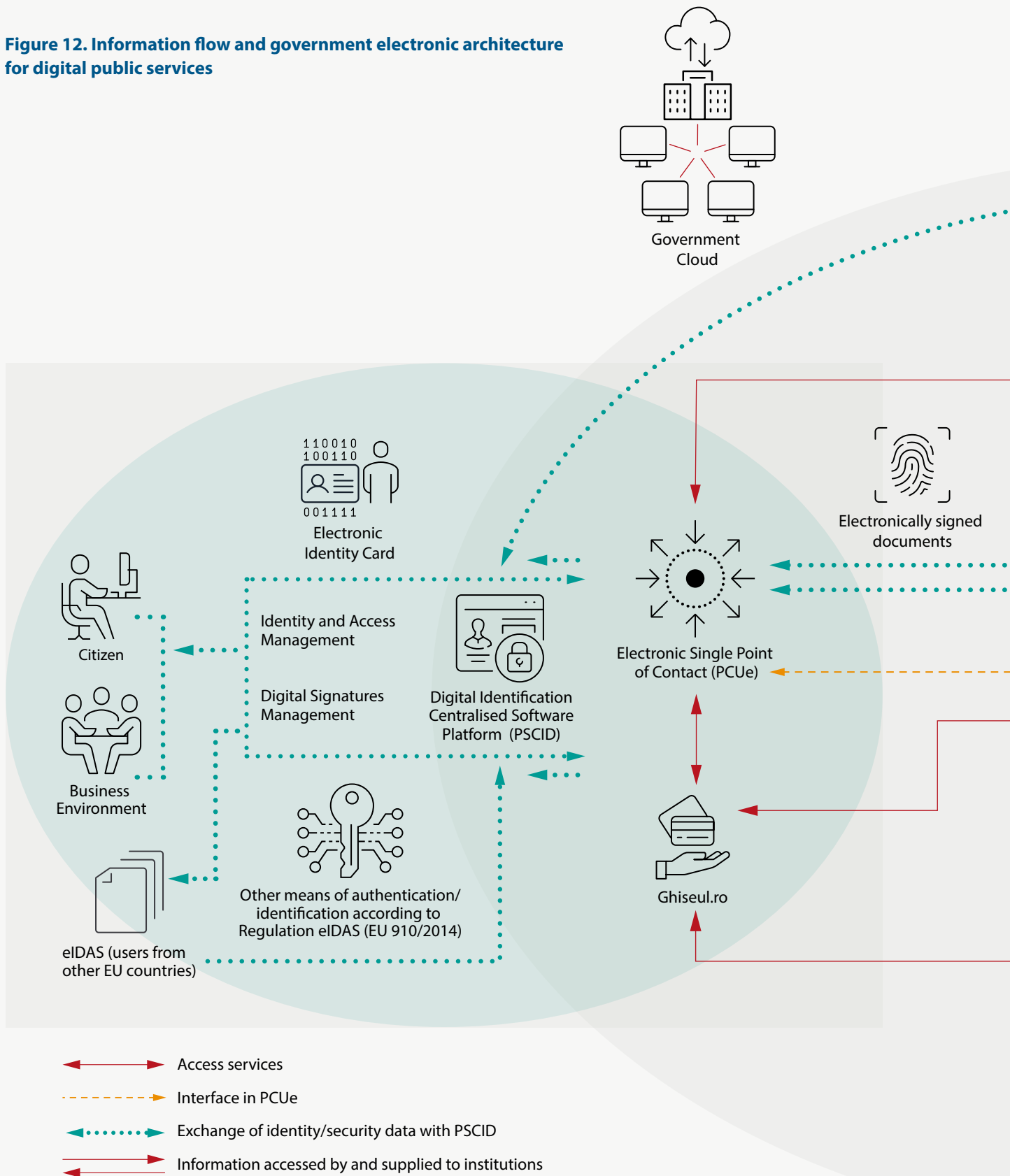
The Public Policy for e-Government states that public institutions and authorities with the right of legislative initiative that already operate electronic public services will ensure the adoption of legislative changes that have an impact on the operation or administration of electronic public services within 120 days of the adoption of the public policy. Legislative adjustments will be made to reflect the current state of maturity of the electronic public service and will be updated over time, depending on the evolution of the electronic public service and as these developments require regulation. The other institutions and public authorities that do not provide electronic public services at the time of the adoption of the public policy will make legislative adjustments as these services become available. However, **there are no sanctions for the failure to comply with this stipulation of the Public Policy**, and thus the **adoption or modification of the legislative framework requires political and institutional goodwill from the involved authorities**.

The reforms call for significant political will from the Romanian Government, as they require overcoming the reluctance of significant parts of the central and local administration towards the transition from the status quo to digital tools. Consultations should be conducted with key stakeholders, to devise the best approach for the reforms. Continuous monitoring of the status of reforms and their implementation, fostered at the level of e-Government Committee, can ensure a streamlined reform process and an acceleration of the digital transformation of public services in Romania.



## 4. Digital business platforms

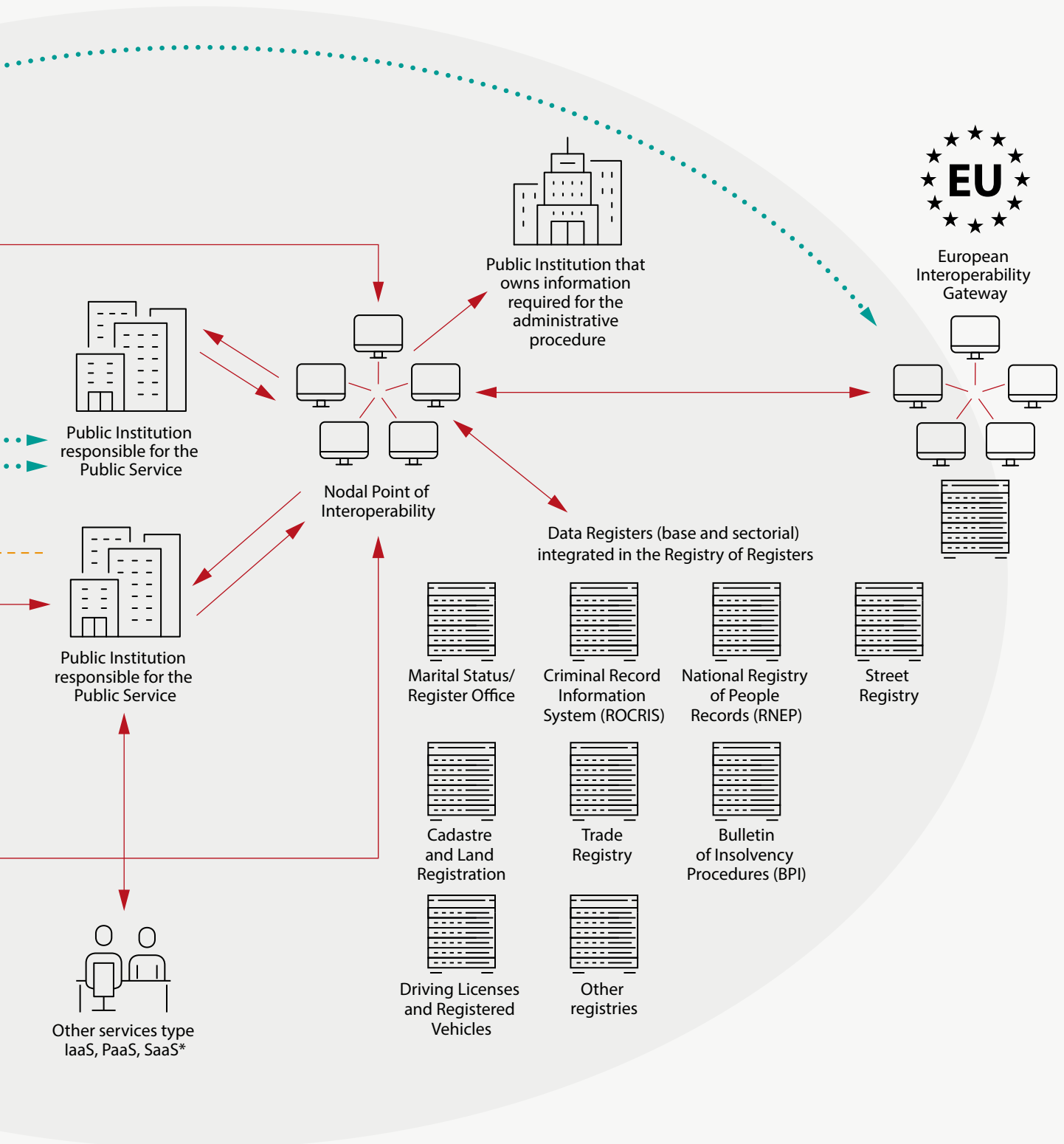
**Figure 12. Information flow and government electronic architecture for digital public services**



\* IaaS = Infrastructure as a Service; PaaS = Platform as a Service; SaaS = Software as a Service

Source: Romanian Government & EY, 2020







## 5. Conclusions

Simplifying procedures in the manufacturing sector will positively impact the economy and support industrial development in Romania. It will boost growth and employment and support the recovery process in line with the National Plan for Recovery and Resilience (PNRR). Simplifying and digitising procedures can also enhance the resilience of the industrial sector, attracting additional foreign direct investment and creating space for innovation and modernisation of the sector. The Recovery Plan represents an important opportunity to improve the business environment and align the Romanian business licensing regime with the practices and reform options presented in this report.

The existing licensing regime is cumbersome and complex, creating unnecessary economic barriers and hampering the business environment. Entrepreneurs and investors have to file multiple licences without clear guidelines and instructions on how to navigate the process. Deadlines for issuing licences are long and not always respected. There is little co-ordination across the public administration to facilitate the issuance of the licences, putting the burden of navigating the process onto business. While some progress has been made to digitalise business services, there is still significant room to improve the access and availability of digital services so that investors and entrepreneurs can experience a fast, smooth and easy process for obtaining a licence. The benefits of simplifying industrial licences will accrue to the economy and society as the public administration can better perform its functions and concentrate time and resources on those procedures aimed at minimising the most significant risks for health and safety.

A key insight from the analysis and international practices presented in this report is that business licensing can be significantly simplified by integrating procedures into a streamlined process, classifying activities by risk categories and adapt requirements to risks. Equally important is to adopt rules that maintain the system simple and lean. These rules include tacit approval, once-only principles, abolishing dual controls and unnecessary renewals. It is also important to ensure that digitalisation of administrative procedures and simplification measures go hand in hand to avoid digitalizing complexity and rather benefit from the latest thinking and innovation on digital services. This report recommends specific policy actions and provides a roadmap for advancing simplification in the industrial sector. This roadmap builds also the basis for broadening the reform to other key economic sectors like commerce and services for which the project undertook an initial inventory of licensing procedures.

Looking forward, co-ordination will be essential to successfully implement an economic reform that cuts across policy sectors and requires buy-in from ministries and agencies across the government. A robust implementation mechanism will need to ensure inter-ministerial and inter-institutional co-ordination. It will be equally important to set up a monitoring system with clear milestones, deadlines and responsibilities for implementing each action. This system will need to produce meaningful data for policy makers so that implementation can be steered and adjusted as needed. Finally, continuous involvement of and consultation with business will be essential to test in real time the impact of the implemented actions and identify additional simplification actions that the government can take.

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### RELEVANT LEGISLATION

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Government Decision 1085/2003 for the application of some provisions of Law 161/2003 on some measures to ensure transparency in the exercise of public dignity, public office and in the business environment, prevention and sanctioning of corruption, regarding the implementation of the National Electronic System, <http://legislatie.just.ro/Public/DetaliiDocument/46410>

Emergency Ordinance 49/2009 on the freedom of establishment of service providers and the freedom to provide services in Romania, <https://senat.ro/legis/PDF/2009/09L231OG.PDF>

Law 68/2010 for the approval of the Government Emergency Ordinance 49/2009 on the freedom of establishment of service providers and the freedom to provide services in Romania, <https://senat.ro/legis/PDF/2009/09L231FP.PDF>

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Government Decision 908/2017 for the approval of the National Interoperability Framework, <https://lege5.ro/gratuit/gi3dinrvgu4q/hotararea-nr-908-2017-pentru-aprobarea-cadrului-national-de-interoperabilitate>

Emergency Ordinance 38/2020 on the use of electronic documents at the level of public authorities and institutions, <http://legislatie.just.ro/Public/DetaliiDocument/224709>

Regulation (EU) 2018/1724 of the European Parliament and of the Council of 2 October 2018 establishing a single digital gateway to provide access to information, to procedures and to assistance and problem-solving services and amending Regulation (EU) No 1024/2012, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018R1724&from=EN>

# Annexes



## Annex A. Consulted institutions

### PUBLIC INSTITUTIONS\*

Agricultural Payments and Intervention Agency  
 Communes Association  
 Customs Authority  
 Department for Foreign Trade  
 Directorate of Entrepreneurship and Programs for Small and Medium Enterprises  
 Financial Supervisory Authority  
 Fiscal Oversight Authority  
 Foreign Investment Directorate – Ministry of Economy  
 General Inspectorate for Emergency Situations  
 General Inspectorate of the Romanian Police  
 General Secretariat of the Government  
 Industrial Policy and Competitiveness Directorate  
 Ministry of Agriculture and Rural Development  
 Ministry of Business Environment, Trade and Entrepreneurship  
 Ministry of Culture and National Heritage  
 Ministry of Economy  
 Ministry of Energy  
 Ministry of Environment, Waters and Forests  
 Ministry of Health  
 Ministry of Labour and Social Protection  
 Ministry of Public Finance  
 Ministry of Regional Development and Public Works  
 Ministry of Tourism  
 Ministry of Transport  
 Municipalities Association  
 Municipality of Bucharest  
 National Agency for Controlling Exports (ANCEX)  
 National Agency for Environmental Protection  
 National Agency for Fiscal Administration of Romania (ANAF)  
 National Authority for Consumer Protection  
 National Authority for Tourism  
 National Authority for Veterinary and Food Safety  
 National Commission for Strategy and Prognosis  
 National Energy Regulatory Energy (ANRE)  
 National Environment Protection Agency (ANPM)  
 National Inspection for Seed Quality  
 National Office for Gambling  
 National Qualifications Authority  
 National Sanitary Veterinary and Food Safety Authority  
 National Securities Commission



## **PUBLIC INSTITUTIONS\***

National Trade Register Office

Police County Inspectorate

Rail Authority (AFER -OLFR)

Romanian Agency for Quality Assurance in Higher Education

Romanian Agency for Quality Assurance in Pre-University Education

Romanian Automotive Register

Romanian Copyright Office

Romanian National Agency for Medicines and Medical Devices

Romanian National Regulating Authority for Municipal Services (ANRSC)

Romanian Railway Authority – Romanian Railway Licensing Body

State Inspection for the Control of Boilers, Pressure Vessels and Lifting Installations

## **PRIVATE ENTITIES\***

American Chamber of Commerce in Romania – AMCHAM

Association for Advanced Technologies

Association of Business Women and Women Entrepreneurs – Brasov

Association of Industrial, Technological, Scientific Parks and Business Incubators in Romania

Association of Romanian Businesspeople (AOAR)

ATIC – Association for Information Technology and Communications of Romania

Cluj Business Women Association

Concordia

Council of Foreign Investors

Electrica, S.A.

Employers Association of Software and Services Industry (ANIS)

Federation of Energy Utility Companies Associations (ACUE)

Foreign Investors Council (FIC)

National Confederation for Female Entrepreneurship

National Romanian Bank

Romanian Association for the Industry of Electronics and Software (ARIES)

Romanian Business Leaders

Romanian Chamber of Commerce and Industry (CCIR)

Romanian Employers Association (PIAROM)

SME Council

Transelectrica

Young Entrepreneurs Association

\* **Note:** Entities consulted between 2019 and 2021.

# Annex B. Stocktaking methodology

As part of the project, the OECD took stock of 111 business licences issued by 43 different authorities. The inventory tracks systematically the main features of each licensing procedure and constitutes the first repository of business licensing procedures in Romania.

The stocktaking was conducted according to the following criteria:

1. Relevant licences included **any administrative procedures that involve the need to obtain a permission to perform a certain activity**, including terms such as “licences”, “permits”, “authorisations”, “certificates”, “permits”, “approvals”, “mandatory opinions”, “no objections letters”, “licensing procedures” or simply “procedures”. Insofar as Romanian law is concerned, a clear distinction between these terms does not exist and, as such, a distinction was not considered useful.
2. Like any complex modern legal framework, requirements that must be met to perform an activity include a wide range of legal obligations. These may be directly linked with the steps an investor must take before starting a business, such as obligations pertaining to the registration of a different legal person (e.g., trade register, tax registration), with the building or facilities where the activities will be developed (e.g., construction permits, safety requirements), with the economic activities themselves (e.g., to operate touristic resorts, to open a store to the public or to perform certain industrial activities), or with potential consequences of such activities (e.g., noise thresholds, environmental emissions).

Other indirect obligations may however also exist, such as procedures linked to personnel (e.g., social security and tax registration, professional certification requirements for some kinds of specialised workers, immigration requirements for foreign citizens) or requirements on the manufacturing of specific products (e.g., product certifications), among others.

For the purposes of the project, **the objective was to address business licences, i.e., licences directly related to the exercise of a business activity**, meaning licences that are needed to start, conduct and operate a business – but not those entailing obligations related to personnel or manufacturing specific products, as those do not refer to the exercise of the economic activity itself, but rather to requirements that largely vary according to specific choices and circumstances of the business activities.

In addition to these licences, the stocktaking also made reference to licences directly connected with the exercise of a business activity, such as construction permits and trade registry obligations.

3. The stocktaking of Romania's licensing procedures includes an inventory of the licences regulated at a national level for the **commercial, industrial and services sectors**, including the following features:
  - a. Substantive requirements to obtain licences, authorisations, certificates, permits, approvals, mandatory opinions, no-objections letters or any other kinds of legal instruments in Romania;
  - b. Procedural requirements;
  - c. Licensing mechanisms; and,
  - d. The process to obtain a licence.
4. Although they may fit into one or more of the abovementioned sectors of the economy, analysis on **highly regulated activities was not considered for the purposes of the stocktaking**. These activities include telecommunication services, healthcare and life sciences, railroad, airline and pipeline transportation, oil and gas, electric power and transmission, financial services and trading, education, among others.
5. For the purposes of collecting the necessary data for this report, the teams interviewed and requested information from the stakeholders identified in Annex I below, including public institutions and private business associations.
6. The collection of the relevant data took place over two missions to Bucharest – in late October 2019 and late January 2020 –, conference calls with relevant public institutions and answers to a detailed questionnaire on business licensing procedures.



Romania's economy has made remarkable progress since the country joined the EU in 2007, driven by strong productivity growth. However, productivity growth decelerated after the financial crisis on the back of weak business dynamism and a complex licensing system and permit regulations that constitute a high burden for entrepreneurs and companies. The COVID-19 pandemic has heightened some of these challenges. In this context, a dynamic business environment becomes even more important to support growth and accelerate the post-COVID recovery.

To address some of these challenges, the Romanian Government requested support to the European Commission and the OECD. The project "Comprehensive redesign of the licensing system in Romania", funded by the European Union via the Structural Reform Support Programme (SRSP) and carried out by the OECD, has helped identify key bottlenecks and reform options to simplify business licensing procedures and improve the business environment. This report presents the key findings of the project and identifies reform options and practical actions that could support the simplification of business licensing procedures in the industrial sector, with potential spill-over effects for other sectors of the economy.

The report is the result of the work of an OECD Team in co-operation with the Directorate-General for Structural Reform Support (DG REFORM) of the European Commission and building on the collaboration with the Romanian Competition Council (RCC). The Team worked closely with a number of Romanian public institutions and private sector representatives. It benefitted from insights and peer learning from experts from Estonia, Portugal, Slovenia and Spain.



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