

COMPREHENSIVE REDESIGN OF THE LICENSING SYSTEM IN ROMANIA

Project implemented in collaboration with the Romanian Competition Council, funded by the European Union via the Structural Reform Support Programme, and carried out by the OECD in co-operation with the European Commission's DG REFORM

Bucharest, 23 May 2022





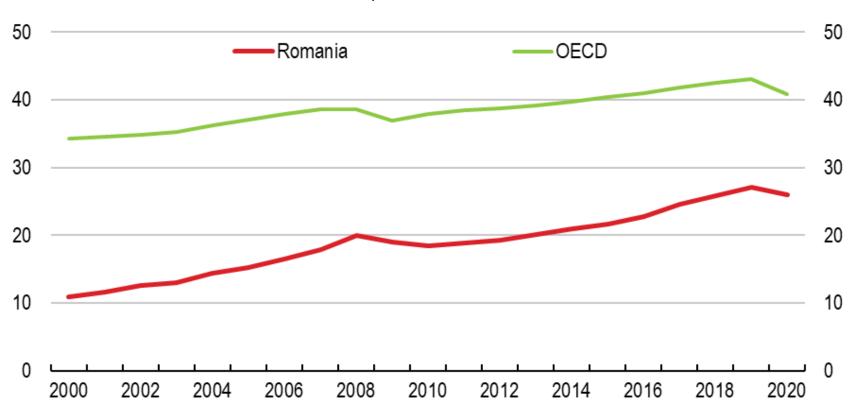
Business environment reforms are key to strengthen productivity and resilience



Income convergence has been fast

Real GDP per capita

Thousands, constant 2015 USD PPPs



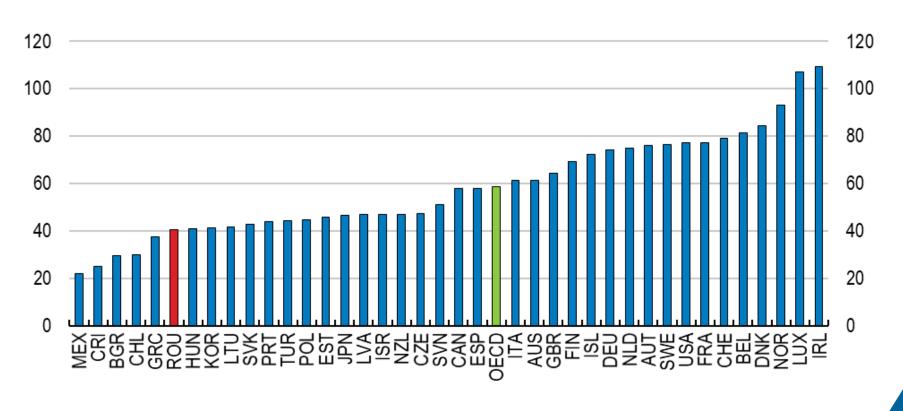
Source: OECD National Accounts Database.



Productivity should improve further

Productivity

GDP per hour worked, 2019, USD current PPPs

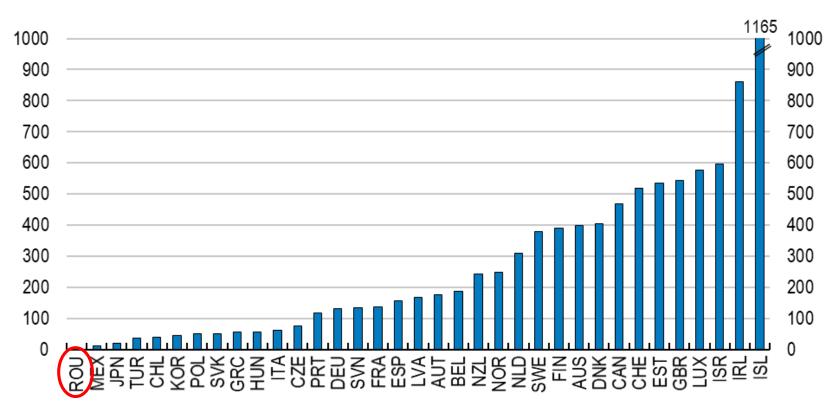


Source: OECD Productivity Indicators.



Highly-innovative start-ups

Per million inhabitants, 2018



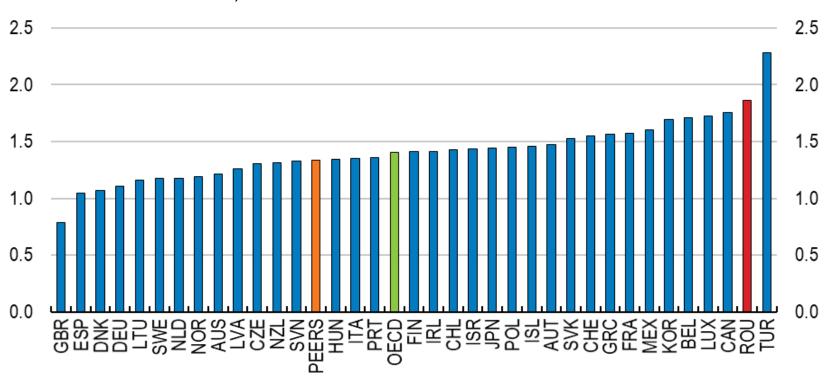
Source: OECD calculation based on Crunchbase.



Romania's business environment needs further improvements

OECD Indicators of Product Market Regulation

2018, index scale 0-6 from least to most restrictive



Note: PEERS comprises the Czech Republic, Hungary, Lithuania, Latvia, Slovakia, Slovenia, and Poland. Source: OECD (2018), Product Market Regulation Database.



Supporting Romania in addressing some of these challenges through licensing reform

- Taking stock of business licensing to simplify procedures for starting and operating a business
 - First inventory of 111 licences under the responsibility of 43 public institutions
- Identify adequate measures to simplify unnecessary burdensome procedures
 - Avoid overlapping
 - Avoid multiple demands for business
- Developing a legislative roadmap with concrete implementation steps
 - Simplifying procedures in one economic sector
 - Creating potential benefits for other sectors of the economy



Romania can significantly simplify licensing procedures



Obtaining a licence in Romania is complex and long

Incorporation and taxes Sequential | 2 - 3 weeks

Company registration 3 days

Trade Register

- · Proof of the name's
- availability Application
- Fiscal registration annex · Constitutive act
- · Self-liability statement - compliance with rules on sanitation, sanitary-veterinary,
- environment, labor · Right to use the space Proof of capital
- · IDs and signatures Beneficial ownership
- Registration certificate is issued in 3 days

Fiscal + VAT registration 8 hours + 15 days

Fiscal Authorities

Request sent automatically by the Trade Register

Unique fiscal number is issued within 8 hours

Self-liability statement turnover above 300.000 RON

VAT code is issued within

Building

Sequential | up to 250 days + building time

Urbanism certificate 15 working days

City Hall

· Lists all approvals that are needed to obtain the building authorization

approvals 15 - 30 days each

Utilities

- Gas
 - Electricity Water
 - Phone
 - Cable Sewerage

15 - 30 days each

Territorial competent authorities

- Sanitary Sanitary-veterinary
- Fire safety Environment

Building authorizat

City Hall

certificate

Building project Urbanism certificate All valid approvals listed in the urbanism

up to 150 days

Suppliers

- Gas Electricity
- Water

Sewerage

- City Hall Application
- Constitutive act
- Registration certificate
- Ascertaining certificate Authorizations: sanitary, sanitaryveterinary, fire safety,
- environment Sanitation contract
- Proof of the right to
- use the space
- Neighbors approval

Proof of the payment of the fee

Start

Business Some parallel, some sequential | up to 180+days

Territorial environmental authority

- Application
- · Presentation fact-sheet
- · Publicity proof
- · The situation plana and inclusion in the area
- · Certification that the environmental agreement conditions are met

- Application
- Self liability statement
- Compliance program
- Financing sources for the compliance program

Sanitary-Veterinary

- Application
- Technological flows Location plan
- Technical memoire
- Unique registration certificate
- Proof of payment for

Authorised Contractors

- Contract signed
- Fire safety scheme/plan
- Procurement of fire safety equipment
- Monthly training of staff and monthly
- reports on training Periodic checks of fire safety equipment

Authorised Contractors

- Contract signed
- Training of staff regarding labour security recruitment and monthly
- Recommend protection equipment and walking paths for staff and management
- Marking of risk-related

Authorised Contractors

- Contract signed
- Annual checks and after each repair of the installations
- installations
- Issuance of the conformity bulletin

Sequential

Parallel



Main recommendations to improve licensing procedures for starting a business

Mechanism	Measures
1. Establish a Single Industrial Licence	 Integrate existing scattered licences into one single industrial licensing (SIL) procedure Establish the zero-licensing regime for low risk activities Enable a Coordinating Body to overview and manage the whole licensing journey
2. Adopt rules that prevent complexity and excessive bureaucracy	 Implement the Silence is consent principle Adopt the once-only principle Establish a Taxonomy of industrial licences Eliminate requirements to periodically renew licences or to obtain stamps that are merely bureaucratic
3: Implement tools for a modernisation of the licensing framework	 Develop the existing Electronic Point of Single Contact Create a licence simulator Implement the recently adopted Public Policy for E-Government Develop implementation monitoring, assessment and evaluation mechanisms and tools



A Single Industrial Licence would streamline and reduce the time needed to start a business

Single Industrial Licence

Types of projects

Supervised by Central Government

- Potential high-risk facilities
- Subject to high environmental requirements
- Large-scale projects, of national interest

Supervised by sectorial authorities

- Potential medium-risk facilities
- Subject to significant environmental requirements
- Medium-scale projects, of regional-level interest

Supervised by Municipal Government

- Low-risk facilities
- Not subject to significant environmental requirements
- Local-level interest

Documents and information

- One single application form for all integrated licences
- Documents for all integrated licences (only one copy even if the document is needed for multiple purposes)
- · Self-liability statements

Integrated licences

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

Up to 180 days (more, for very complex processes)

- One single application form for all integrated licences
- Documents for all integrated licences (only one copy even if the document is needed for multiple purposes)
- · Self-liability statements

Environmental Authorisation

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

Max. 90 days

- One single application form for all integrated licences
- Documents for all integrated licences (only one copy even if the document is needed for multiple purposes)
- · Self-liability statements

10 days

Approval for fire safety

- Accreditation of specialised service providers for stimulating employment
- · Notification of conformity certification
- · Functioning authorization (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
- 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 imeediately

Type 2

Type 1

Type 3



Key success factors for implementation

- ✓ Institutional co-ordination and leadership
- ✓ Establishment of a Implementation mechanism
- ✓ Continuous consultations with business
- ✓ Monitoring System
- ✓ Communicating objectives and benefits of reforms to business and investors



THANK YOU

DOWNLOAD THE REPORTS AT:

www.oecd.org/economy/romania-economic-snapshot/

