

**ROMANIA
HEALTH PROGRAM FOR RESULTS
(P169927)**

FIDUCIARY SYSTEMS ASSESSMENT

UPDATED JUNE 26, 2019

TABLE OF CONTENTS

A. EXECUTIVE SUMMARY 2

B. BACKGROUND AND INSTITUTIONAL ARRANGEMENTS 4

 B1. Institutional Framework..... 5

 B2. Program Scope 8

 B3. Program Implementation..... 8

 B4. Program Expenditure Framework..... 9

C. PERFORMANCE OF PROGRAM FIDUCIARY SYSTEMS AND ARRANGEMENTS 10

 C1. Program Planning and Budgeting 10

 C2. Procurement Arrangements 11

 C3. Procurement Planning..... 11

 C4. Procurable Items 12

 C5. Procurement Processing 15

 C6. Contract Management..... 16

 C7. Transparency and Complaints Handling 16

 C8. Program Accounting and Financial Reporting..... 17

 C9. The State Aid Scheme and Performance-Based Financing 18

 C10. Program Treasury Management and Funds Flow 19

 C11. Internal Controls and Internal Audit 20

 C12. Program Audit..... 20

 C13. Key Fiduciary Risks and Mitigating Measures 22

D. GOVERNANCE AND ANTICORRUPTION 25

 C1. Institutional Arrangements 25

 C2. Capacity to Handle Risks of Fraud and Corruption 25

 C3. Transparency, integrity and accountability in selection of the Program’s activities..... 27

 C4. Integrity issues within the health sector..... 27

E. IMPLEMENTATION SUPPORT PLAN..... 28

A. EXECUTIVE SUMMARY

A Fiduciary System Assessment (FSA) was carried out in accordance with the Bank Policy and Directive on Program-for-Results Financing. It evaluated the fiduciary systems pertaining to the Romania Health Program-for-Results (PforR) Program. The integrated fiduciary assessment comprised assessment of the fiduciary arrangements, performance and risks relating to the Program’s procurement; financial management; and governance and anticorruption activities. The objective of the assessment was to provide reference that could be used to monitor fiduciary system performance during the implementation of the Program, as well as to identify actions, as relevant, to enhance the performance of the systems. An evaluation of findings from the assessment, including a review of existing analytical and diagnostic work, concludes that the overall fiduciary and governance framework is adequate to support the implementation of Romania’s Health PforR, subject to addressing the key risks through proposed mitigation actions included in the Program Action Plan (PAP).

The Program’s financial management (FM) and procurement systems and institutions provide reasonable assurance that the financing under the Program is used for intended purposes, with due regard to the principles of economy, efficiency, effectiveness, transparency and accountability. The FSA aimed to review the capacity of the implementing agencies on their ability to (a) record, control, and manage all Program resources and produce timely, understandable, relevant and reliable information for the Borrower and the World Bank; (b) follow good procurement practices based on the applicable legislative framework and using procurement performance indicators with focus on outcomes to support the PDO and mitigate risks associated with the Program and the implementing agencies; and (c) ensure that implementation arrangements are adequate and risks related to fraud and corruption as well as complaints handling mechanism is reasonably mitigated by the existing framework. The FSA includes a summary of key risks and respective mitigation measures, together with institutional strengthening actions reflected in the PAP.

The Program’s Fiduciary risk rating is substantial. The analysis was based on various assessments and activities carried out by the Bank as part of the ongoing Reimbursable Advisory Services (RAS) Agreement on the Support to the Implementation of the Public Procurement Strategy and the recently-signed RAS for Assessing the Public Procurement System; the Bank’s assessment of the systemic causes of delays and inefficiencies in the preparation and implementation of Bank-financed investment projects; the Bank’s knowledge of the health sector (including fiduciary performance of the ongoing Health Sector Reform project implemented by MoH); and country public financial management systems, reviews of external audit findings as well as the results of field visits implemented within the assessment frames. Key issues included in the PAP are summarised in the following table:

Issues	Proposed mitigation measures
Financial Management	
Risk of insufficient and/or delayed financing of Program activities by the MoPF (considering the increased envelope needed for certain results areas and the systemic budgetary constraints)	While the relevant sector legislation would be revised to accommodate the proposed changes, the operation envisages to earmark transfers to NHIH to cover for additional costs and for increasing predictability of funding. To that effect, the adequacy of Program financing will be monitored through the PAP and the regular Bank implementation support and supervision missions. Some Program DLRs (under DLI 1 and 3) also

Issues	Proposed mitigation measures
	refer to meeting specific budgetary conditions and targets to ensure the intended indicators are achieved.
Capacity constraints in the oversight of primary and community care staffing and related expenses by MoH and NHIH	<p>The Program finances activities to enhance the quality of monitoring. (i.e., upgrading and integrating health systems, public disclosure of relevant data, establishment of a unit for governance of primary and community health care in the MoH, revision of clinical protocols and care pathways, etc.)</p> <p>The proposed revisions in the Framework Contract to expand the scope of primary care services and payment mechanisms should be duly reflected in the NHIH's internal procedures. The institutions' capacity to oversee and monitor performance in these areas would be assessed during the regular Bank implementation support and supervision missions.</p>
Potential weaknesses in the design, implementation and internal controls and oversight of the proposed State Aid financing scheme for family physicians	Technical assistance for establishing the scheme, including a system of internal controls, performance monitoring and oversight as reflected in the PAP.
Potential weaknesses in internal controls and oversight of the performance-based financing mechanism for family physicians at NHIH	<p>Technical assistance for establishing the mechanism, including a system of internal controls, performance monitoring and oversight as reflected in the PAP.</p> <p>Certain Program DLIs also envisage enhancing the IT tools of NHIH, including system error and fraud detection functionalities.</p>
Potential delays in preparation and audit of the Program financial statements (considering the multiple stakeholders).	Program coordination arrangements will include centralised preparation of Program financial statements by MoH, as reflected in the PAP. The terms of reference for the Program audit and arrangements for carrying out the audit will be agreed in due time among the implementing entities, so audit planning and work are conducted in a satisfactory manner.
Complexity of arrangements for: (i) pricing and reimbursement of medicines; and (ii) clawback tax calculation and management by the NHIH.	<p>The Bank will review as part of the regular implementation support and supervision the aspects pertaining to establishing the mechanism, including a system of internal controls, performance monitoring and oversight.</p> <p>To improve transparency and accountability, the MoH and NHIH pricing process for medicines will be completed and published on the NHIH website annually. Any notifications received on the pricing process will be duly tackled and outcome of investigations made public.</p>

Issues	Proposed mitigation measures
The Romanian Court of Accounts (RCoA) may not have enough capacity and experience in auditing the new activities proposed under the Program	RCoA is presently undertaking a comprehensive institutional reform and capacity building effort, under a separately-funded initiative. It is intended that as that capacity is attained, the RCoA may be engaged to audit the Program financial statements. In the interim, this assessment proposes engaging a private sector firm under terms of reference acceptable to the Bank.
Procurement	
ONAC is newly established and has not yet developed requisite capacity to perform the full range of procurement activities, including of specialized medical supplies and equipment	<p>Technical assistance to build capacity including establishing systems and resources for efficient and effective performance.</p> <p>Establishment of mechanisms for ongoing specialized supplies' procurement support by the MoH</p>
Lack of electronic platforms to collect and consolidate the procurement needs of beneficiaries delays the preparation of the tenders and unnecessarily increases the level of effort of personnel managing the procurement process	Complete the initiated development of the proposed electronic platform
Limited experience with IT procurement might delay the procurement process and affect its quality and outcome	Enhance the IT expertise, e.g. through technical assistance programs and/or employ specialists in the area

Procurement Exclusions: The Program will require financing of goods and services needed to achieve the agreed milestones and DLIs. The size of contracts is envisaged to be small to medium and as such, the Program is not expected to include the financing of contracts which would require the mandatory review by the Bank's Operational Procurement Review Committee (OPRC). Detailed analysis provided in Section C.

B. BACKGROUND AND INSTITUTIONAL ARRANGEMENTS

In preparation for the Program for Result operation in support of the Romania's National Health Strategy 2014-2020, an Integrated Fiduciary Assessment (FSA) (including governance), was conducted. As the program has been defined in the technical assessment, the fiduciary and governance assessment covers the Ministry of Health (MoH), National Insurance Health House (NHIH) and ONAC (under MoPF) as main entities contributing towards Program activities and results.

The scope of the FSA covers the Program institutional framework, fiduciary capacity and implementation performance, and institutions and systems responsible for governance and anti-corruption aspects within the Program. It covers: (i) financial management (FM) arrangements such as planning, budgeting, accounting, internal controls, funds flow, financial reporting, and auditing; and (ii) procurement arrangements (such as planning, bidding, evaluation, contract award, and contract administration) of the Program. The FSA considers the degree to which:

- (a) From a procurement perspective there are reasonable: (i) arrangements for planning and budgeting; (ii) procurement rules and such rules are easily accessible to the public; (iii) capacities for contract management and administration; (iv) complaint mechanisms, including clarity on how they are utilized; (v) systems for the Program oversight and control and;
- (b) From a financial management perspective: (i) the budgeted expenditures are realistic, prepared with due regard to relevant policies, and executed in an orderly and predictable manner; (ii) reasonable records are maintained and financial reports produced and disseminated for decision-making, management, and reporting; (iii) adequate funds are available to finance the Program; (iv) there are reasonable controls over the Program funds; and (v) independent audit arrangements are in place.

The FSA also considers how the Program systems handle the risks of fraud and corruption, including by providing complaint mechanisms, and how such risks are managed and/or mitigated. At the national level, the Program will be implemented by the MoH, NHIH and ONAC. The Program will be coordinated by the MoPF while the fiduciary responsibilities will be carried out by the MoH, NHIH and ONAC.

B1. INSTITUTIONAL FRAMEWORK

Procurement Legislative Framework

The governing law in public procurement is the Law No. 98/2016 on public procurement (PPL) that covers procurement of goods, services, and works. The law regulates the way public procurement is conducted, the tools and specialized techniques which can be applied for award of public procurement contracts and some specific aspects which relate to the execution of public procurement contracts. Subject to established exceptions, the PPL applies to all public procurement contracts above a defined threshold (Article 7 (1)). Contracts estimated to cost less than the specified thresholds are subject to simplified procedures which will follow the principles of non-discrimination, equal treatment, mutual recognition, transparency, proportionality and responsibility. Another set of thresholds defined in the PPL (Article 7 (5)) allow for the application of direct contracting procedures by the contracting authorities. The entire legislative package is published on the website of the National Agency for Public Procurement (ANAP) and is easily accessible to the public. Procurement under the proposed Program will be conducted in accordance with the existing PPL and subsequent amendments to it.

The Law is supported by its implementing rules adopted by Government Decision no. 395/2016 on public procurement and a Web-based Guide which covers the entire procurement cycles from setting the needs, market consultations, conducting the procedure, contract signature and contract management. The Guide includes additional guidance, tools, instruments and templates, as well as best practices and standardized tender documents for specific categories of services, goods and works, for the use of the contracting authorities. Standard tender documents for supplies were adopted by Order of the President of ANAP in March 2019, which establishes the format and mandatory minimum content of the tender documents to be elaborated by the contracting authorities.

A national strategy on public procurement was adopted in 2015. The strategy envisages measures aimed to improve the quality of the legislative framework, to ensure overall coherence and efficiency of the institutional system, to enhance the regularity and quality of the public procurement process and, at the same time, to raise capacity of the contracting authorities with emphasis on professionalization and integrity issues. Most of the measures are fully implemented, and for the measures where implementation is still pending or ongoing, the European Commission concluded that the actions taken has led to

irreversible progress in the right direction; however further monitoring is still necessary. Pending measures mainly refer to the continuation of the ex-ante control reform, centralized procurement, and professionalization.

Financial Management Legislative Framework

Since 2002, Romania has made great strides steps toward modernizing its PFM system, but progress achieved should be sustained and reforms continued. The Public Finance Law of 2002 and the Fiscal Responsibility Law of 2010 provide a comprehensive regulatory foundation for the operation of a results-oriented PFM system. The country has built up the macroeconomic and fiscal forecasting, established a Treasury single account, introduced more efficient management of the portfolio of significant public investment projects¹ and set up the Fiscal Council.

The country PFM system is regulated through a plethora of comprehensive legislative and methodological norms. Processes are well-regulated and closely monitored by MoPF. Some of the most relevant pieces of legislation are listed below:

- Public Finance Law no. 500/2002, as amended and supplemented;
- Fiscal-Budgetary Responsibility Law no. 69/2010, republished;
- Government Ordinance no. 119/1999, republished, on internal managerial control and preventive financial control, with subsequent amendments and additions;
- MoPF Order no. 923/2014, republished, approving the general methodological norms to exercise preventive financial control and the specific Code of professional norms for persons performing the internal financial preventive control activity, as subsequently amended and supplemented;
- MoPF Order no. 1792/2002 approving the methodological norms regarding commitment, verification, authorization and payment (ALOP) of public institutions expenses, as well as the organization, recording and reporting of budgetary and legal commitments, with subsequent amendments and additions;
- MoPF Order no. 1917/2005 for the approval of the methodological norms regarding the organization and management of the accounting of public institutions, the Chart of Accounts for public institutions and instructions for its application as amended and supplemented;
- Accounting Law no. 82/1991, republished;
- MoPF Order no. 517/2016 for the approval of procedures related to some modules that are part of the national reporting system operation – Forexebug;
- MoPF Order no. 2634/2015 regarding maintenance of financial and accounting documents, with subsequent amendments and additions;
- MoPF Order no. no. 2861/2009 for the approval of the norms regarding the organization and performance of the inventory of the assets, liabilities and equity, with subsequent amendments and additions;
- Internal Audit Law 672/2002 regulating internal audit function in public institutions;
- GSG Order no. 600/2018 approving the Code for managerial internal controls in public institutions;
- Law 94/1992 regulating organization and functioning of the Romanian Court of Accounts.

¹ Projects with a total value of Ron 100 million or more.

Fiduciary Regulatory Bodies

The National Agency for Public Procurement (ANAP) is the public procurement main regulatory body. ANAP has been established under the Government Decision No 634/2015 of July 28, 2015 regarding the organization and functioning of ANAP, which is subordinated to the MoPF. It operates both at central and regional level, in the latter case by means of eight regional entities without legal personality. It is responsible for strategy, regulation, establishing and implementing the control and monitoring system in public procurement. ANAP is also responsible for ensuring the implementation of the strategy. In accordance with the recent changes in the legislation, the ex-ante control exercised by ANAP is exclusively conducted at the request of the contracting authorities (“ex-ante voluntary control”) and focuses on quality and compliance aspects. Ex-post control of the public procurement is conducted by the Romanian Court of Accounts and by the Audit Authority for EU-funded contracts. In addition, each implementing agency under the Program has an internal audit unit which reviews financial and procurement operations on a regular basis.

The main regulatory institution in terms of public financial management is the Ministry of Public Finance (MoPF) which issues legislation and methodological norms in terms of budgeting formulation and execution, Treasury operations, accounting and financial reporting, internal auditing. The General Secretariat of the Government (GSG) has attributions relating to managerial internal controls (broader than fiduciary controls), while the Romanian Court of Accounts (RCoA) is the country Supreme Audit Institution (SAI).

The MoPF takes the lead in setting fiscal policy and is responsible for preparing the macro-fiscal framework. The ministry currently performs all major PFM functions: (a) budget formulation, macroeconomic² and fiscal policy, and programming expenditures; (b) budget execution: payments processing, cash and debt management, accounting, and reporting; (c) tax policy³; (d) regulatory and control functions related to PFM. It issues detailed instructions and methodologies on budget preparation, budget execution controls, accounting procedures and year-end closure process, financial reporting, internal audit. It has a focused mandate and span of control.

Since 2016, GSG (through its Direction for Managerial Internal Control and Interinstitutional Relations) is in charge with implementation and development of the internal control system in central and local administration. In this capacity, it elaborates the national strategy in this area, it initiates legislative changes, and develops methodologies and standards to be used by the public entities to implement and report the managerial internal controls standards.

The RCoA has the mandate to audit all public revenues and expenditures as per the Law No. 92/1994 determining its organization and functioning. It has a constitutional role of control over the formation, management and use of public finances. As an independent check on the executive branch of Government, it answers only to the Parliament. Public accounts are generally audited in a professional and comprehensive manner, and the institution aims to further strengthen its capacity to properly respond to the risks. The external audit report which summarizes the findings per each auditee in a year is publicly available. According to article 140 of the Constitution of Romania, RCoA must present annually to the Parliament a report over the administration accounts of the national state budget from the previous year,

² Macroeconomic forecasts are prepared by the National Commission for Prognosis (CNP), coordinated by the MoPF.

³ The National Agency for Fiscal Administration (ANAF), which is subordinated to MoPF, administers taxes.

mentioning any irregularities detected. These are considered by the Parliamentary Committee in charge of public accounts.

Starting 2017, under a new leadership, the Court has embarked in a broad institutional reform that aims full endorsement and de facto application of the international standards, enhanced performance audits, digitalization of audit processes and stronger quality assurance and communication of findings to stakeholders.

B2. PROGRAM SCOPE

The proposed Program focuses on three results areas in which the Government requested the Bank's support and where the Bank's engagement is likely to make a significant impact, as follows:

Results area 1: Improving PHC coverage for underserved populations – aims to improve PHC coverage for underserved people by addressing the physical, financial, and social barriers they face.

Results area 2: Rebalancing the hospital-centric system toward effective PHC – aims to rebalance the hospital-centric system toward effective PHC by addressing the underlying institutional constraints: chronic underinvestment in PHC, the misalignment of incentives that is embedded in NHIH's provider payment mechanisms, and regulatory restrictions on the scope of PHC services. The Government plans a set of initiatives to make PHC comprehensive, widely accessible, and effective.

Results area 3: Improving health expenditure efficiency by addressing critical cost drivers – aims to increase the efficiency of health expenditure by addressing critical cost drivers, including high spending on pharmaceuticals, devices and supplies and inefficient spending that can be detected through effective use of information.

B3. PROGRAM IMPLEMENTATION

Program implementation will be supervised at the national level using existing institutions and supervision practices. The MoH will provide overall oversight of the Program, facilitate strategic decision-making and ensure cross-agency coordination during Program Implementation. The MoH will be supported by a Program Coordinator whose main responsibility will be to support the day-to-day implementation of the relevant DLRs related to the results areas, liaise with the Bank on all matters pertaining to the Program, and submit evidence on the achievement of DLIs/DLRs to the Bank in accordance with the verification protocol.

The MoPF/ONAC, MoH, NHIH will be jointly responsible for the national level day-to-day supervision, technical guidance and actual implementation of the Program. Within each entity, a team of three to four key staff members will be designated as focal points. They will be responsible for supervising Program implementation and ensuring timely coordination with the relevant departments within each entity that are responsible for the implementation of the activities to achieve the DLIs/DLRs. They will work in close collaboration with the Program Coordinator of the MoH. At a minimum, the following supervisory teams will be established: (a) MoPF: heads of the General Directorate of International Financial Relations, Directorate of Analysis and Streamlining of Public Spending, and ONAC (responsible for achievement of DLI 7 in coordination with other agencies, including MoPF, Ministry of Interior, NHIH); (b) MoH: the General Secretary, heads of the General Directorate of Medical Assistance and Public Health, General Directorate of Procurement, Informatization and Patrimony, National Agency of Drugs and Medical Devices, and

Institute of Public Health; (c) NHIH: Chief Doctor, heads of Contracts with Health Providers Directorate, Legal Department, Economic Department, and IT Department; Financial Management Department. These supervisory teams are expected to work in close collaboration to ensure timely achievement of the Program DLIs/DLRs..

B4. PROGRAM EXPENDITURE FRAMEWORK

The budget for the Government program over the next four years (2020-2023) is estimated at US\$4.53billion, of which IBRD financing would be US\$570 million, or 12.6 percent of the Program budget.

Total government expenditure pertaining to the Program is expected to grow incrementally until 2023, as the interventions foreseen in primary care will be rolled out nationally. As a share in total Government expenditure, the Program costs will grow from 0.9 to 1.3 percent from 2020 to 2023.

The specific expenditure categories included in the Program are goods and services, the wage bill, and capital expenditures. The activities under the Program will be funded from the budgets of the NHIH, MoH, and MoPF (through ONAC). For the NHIH, the Program will pertain to expenditures for family medicine services and NHIH administration. For MoH, the Program will relate to expenditure items dealing with community health care, PHC, and administration of related activities. In addition, the Program will include the portion of the MoPF budget that is related to ONAC. All these expenditure programs mark the boundary of the Program (Table 1).

Table 1: Estimated five-year budget of the Program (million USD)

Year	NHIF	MoH	MoPF	Total
2020	724	136	2	862
2021	899	142	2	1,043
2022	1,046	157	2	1,204
2023	1,244	174	2	1,420
Program budget 2020-2023	3,914	609	8	4,530

Source: WB

Table 2. Profile of Program expenditures 2020-2023 (%)

Type of expense	2020 – 2023			
	NHIF	MoH	MoPF	Total
Wages	1%	12.5%	0.1%	13.5%
Goods & services	85.2%	0.1%	0%	85.3%
Capital(plus Transfers in the case of the MoH)	0.3%	0.8%	0%	1.2%
Total	86.4%	13.4%	0.1%	100%

Source:WB

The most important contribution to the Program budget is made by the NHIF. By 2023, it will have amounted to 86% of total expenditure, most of which is related to the purchase of family medicine services, which averaged 6.5% of the budget in the past few years.

The overall expenditure pattern of NHIF is tilted towards goods and services given the substantial share of family medicine services, while that of MoH is comprised largely of administrative costs.. The expenditure in the Program is significantly dominated by goods and services, especially with family medicine services, which add up to 85% of the entire program over 2020 - 2023. Broken-down by

contributing budgets, the NHIF expenditure is overwhelmingly made of goods and services, while the MoH contribution refers mostly to wages (for community nurses, and MoH staff in relevant technical departments such as national health programs and medicines policy-making). MoH will finance also investments in data management infrastructure. MoH will also receive transfers from MoPF to administrate the de minimis state aid scheme to rehabilitate and equip family medicine practices. The state aid scheme envisages financing for family medicine practice small refurbishing of the facility (generally provided by the local public administration authority), training, and equipment. MoPF will finance expenditures related to the functioning of ONAC, which represent a very small portion of the Program expenditures.

The expenditure analysis, the discussion of financial sustainability of the Program and the analysis of the efficiency of spending is discussed in detail in the Technical Assessment.

C. PERFORMANCE OF PROGRAM FIDUCIARY SYSTEMS AND ARRANGEMENTS

C1. PROGRAM PLANNING AND BUDGETING

Overall, there is adequate planning and budgeting capacity at respective implementing entities and a clear annual budgeting cycle. Romania scores well on the Open Budget Index Survey (its 2017 Open Budget Index score is 75 out of 100). The Government's budget planning cycle commences in May of each year with all public institutions submitting their funding proposals to the MoPF. Proposals are generally based upon historical spending patterns, rather than endorsing a forward-looking strategic approach. Following discussions with line ministries, MoPF ultimately decides respective institutions' budgets, which are then formalized in an annual law passed by Parliament. There is strict control exercised by entities over spending, with good short-term predictability over funding and close to 100% budget execution rates. There are clear bottom-up processes and reliable systems for reporting of expenditures on a monthly, quarterly and yearly basis.

Government's budget classification system is comprehensive including administrative, economic and functional classifications and with the ability to produce consistent data according to international standards. The budgets of NHIH and MoH are structured on programs tailored to the functional budget classification. Annex 7 provides the budgetary classification and relevant codes to identify the Program expenditures in the implementing entities' budgets. Program-based budgeting is under development, including in healthcare, and not yet sufficiently reliable to be used in relation to the expenditure projected in the operation. Deployment of an Institutional Strategic Plan (ISP) by MoH was proposed by the Bank in 2018 under a technical assistance project. Over a four-year life-cycle, the ISP strategic objectives and budgetary programs were projected to add up to 187 billion RON, with annual allocations rising from 40,6 billion RON in 2018 to 52,5 billion RON by 2021.

Consistent and timely availability of resources for Program activities is a risk. Potential delayed and/or limited budgetary allocations for some of the more substantial Program expenses (i.e. de minimis state aid scheme, increased coverage and scope of primary health care, development of e-health system) may impair achievement of the intended results. To mitigate this risk, the timeliness and adequacy of the Program budget will be monitored through PAP and the regular Bank's implementation support and supervision missions.

C2. PROCUREMENT ARRANGEMENTS

Procurement under the Program will be carried out by: (i) MoH through its Procurement, Patrimony and IT Direction Unit (hereinafter “Procurement Unit of the MoH”) which is also responsible for centralized procurement in the health sector; (ii) NHIH through its Public Procurement Unit within the Logistics, Patrimony and Public Procurement Directorate; and (iii) ONAC which is subordinated to the MoPF. All institutions use the country e-procurement system to conduct public procurement. The procurement functions of respective Program implementing agencies are currently established as follows:

- The Procurement Unit of the MoH is responsible for procurement of products/services required for the MoH’s functioning and for centralized procurement for health units nationally.
- The Procurement Unit of the NHIH is responsible for procurement of products/services required for the NHIH functioning and for the county Health Insurance Houses at the local level.
- ONAC is responsible for centralized procurement of commonly used items for all government institutions excluding specialized procurement for the health sector, an activity to be introduced under the Program.

While the Procurement Units within the MoH and the NHIH are well-established and fully functional, ONAC was established in May 2018 with the mandate to conduct centralized procurement on behalf of all central government institutions of selected categories of goods/services except for health sector products for which a centralized procurement unit is already in place at the MoH. Staffing commenced with the appointment of the President of ONAC by the Prime Minister (Decision No 270/2018). Although ONAC has not yet initiated any procurement, as of March 2019, it had a staff complement of 22, comprising 10 managerial/administrative staff and 12 procurement staff, with more personnel still to be hired. However, as of June 2019, the number of staff is 38 out of 43.

C3. PROCUREMENT PLANNING

Adequate procurement planning and execution are actively enforced by ANAP through the legal provisions, transposing the requirements at EU level, and the Web-based Guide available at www.achizitiipublice.gov.ro. All contracting authorities are required to elaborate an annual procurement strategy (above defined thresholds) and annual procurement plan, as well as a contracting strategy for each procedure to be launched. The same procedures are adopted by all contracting authorities, including the Program implementing agencies.

Procurement Plans (PPs) of implementing agencies are normally published on their websites (www.ms.ro and www.cnas.ro). The website for ONAC is under development. Generally, the PPs provide the following information: description of the activity, CPV code, cost estimates, selection method, and planned timeline. Public procurement legislation requires that an extract of the annual PP is published every 6 months highlighting procurement activities above the EU thresholds. However, no such extracts are available on the website of the MoH and NHIH given that the planned procurement activities are below these thresholds. PPs are updated once the annual budget is approved in line with the approved amounts for investments. Subsequent updates of the PP are done whenever necessary throughout the year.

Summary analysis of the Procurement Plan of the MoH (2018) observes: (i) the default selection method is

open tender resulting in either a public procurement contract or a framework agreement for activities within the threshold defined in the PPL; (ii) procurement of vaccines and medical devices have the largest share of expenditures in the PP; (iii) small value procurement is generally limited to procurement for the institutional functioning and simplified procedures are applied for these; (iv) for larger value contracts for supply of medical products, the estimated duration of the tender ranges between six months to one year starting with tender launching and ending with contract award; (v) PP include an annex with the list of all planned very small value contracts awarded under direct contracting procedures.

Summary analysis of the Procurement Plan of the NHIH (2018) observes: (i) the default selection method is open tender resulting in framework agreements for activities within the threshold defined in the PPL; (ii) application of simplified procedures for small value of contracts; (iii) most of the activities are limited to procurement for institutional functioning; and (iv) generally the estimated duration of tenders is adequate given that simplified procedures apply and these do not normally envisage lengthy processes.

Issues identified during the assessment are summarized as follows, with proposed remedial actions outlined in the PAP (Annex 6):

- a) MoH has not established an electronic platform to facilitate the collation and consolidation of data on subordinated institutions' needs. Information is currently maintained on Excel spreadsheet files and shared by email;
- b) At MoH, the packaging of contracts is generally done by "one-product one-lot" in order to (i) avoid block delays of entire tender packages when complaints are received, or the unit is otherwise unable to complete the evaluation and make the award for a particular lot, and (ii) avoid complaints from potential bidders relating to particular grouping of products perceived as restricting competition;
- c) While NHIH conducts the centralized procurement of goods and services for the NHIH and its subordinated units, information is not currently available nor published on its website;
- d) ONAC is not yet sufficiently established and currently has limited capacities to conduct procurement and has not yet established clear working arrangements with public health institutions as envisaged under the Program; and
- e) At ONAC, an electronic platform to be used for the collation and consolidation of procurement requests, monitoring implementation of framework agreements and communication with contracting authorities is still under development;

C4. PROCURABLE ITEMS

Procurement Profile of the Program: The Program is defined to cover community care, primary care and policy reforms related to cost control. Therefore, most of the Program expenditures are related to services provided by family medicine physicians contracted by NHIH and recurrent expenditures including wages, goods and services and capital investments incurred by MoH, NHIH and ONAC in program-related areas. In addition to the regular operating costs, implementing agencies will require technical assistance and certain upfront investments needed to implement the agreed milestones and achieve the DLIs. Some activities will be implemented with the existing resources within the agencies, including external support.

The size of contracts is envisaged to be small to medium and as such, the Program will not finance contracts which would require the mandatory review by the Bank's OPRC. The current procurement portfolio of IAs routinely comprises small-value goods and services. An exception to these is the large-value contracts for

vaccines, medicines and/or medical devices procured centrally by the MoH. However, these contracts are financed from the beneficiary institutions budgets (for example: public hospitals) through the subsequent agreements signed between the institution and the supplier. The MoH is only managing the procurement process up to the contract award and up to the signing of the framework agreement. At the same time, over the period of 2018 – 2019, the largest procurement managed by the MoH was estimated at RON 136 million (USD 32 million equivalent) which is considerably below the OPRC threshold for Substantial risk. In early 2018, however, the MoH launched a centralized procurement of HIV medicines under the National Health Program estimated at RON 1,433,524,928 (USD 342 million equivalent), but such expenditures are outside the PforR boundaries. The largest procurement managed by the NHIH for the same period was estimated at RON 7.5 million (USD 2 million equivalent). No tenders have been launched by ONAC as of end of March 2019. However, both in the case of the MoH and ONAC, once it becomes functional and undertakes centralized procurement of health products, there could potentially be procurement activities the value of which may fall within the OPRC threshold. However, such contracts are beyond the boundaries of the proposed PforR operation.

Table 3. MoH Procurement for the period 2018 – 2019 (March)

Activity Description	Selection Method	Type of Contract	Estimated Cost (RON)
Equipment and Devices	Open Tender	Public Procurement Contract	3.365.000,00
Centralized Procurement of Medicines under National Health Program	Open Tender	Framework Agreement	136.131.785,81
Public Awareness Campaign	Simplified Procedures	Framework Agreement	2.614.525,00
Centralized Procurement of Vaccines	Open Tender	Framework Agreement	105.780.000,00
Centralized Procurement of Medical Incubators	Open Tender	Framework Agreement	128.754.036,67
Centralized Procurement of Medicines under National Health Program	Open Tender	Framework Agreement	74.801.019,81
Centralized Procurement of Vaccines	Open Tender	Framework Agreement	62.350.000,00
Centralized Procurement of Equipment, Medical Devices	Open Tender	Public Procurement Contract	9.073.208,45
Centralized Procurement of HIV Tests	Open Tender	Framework Agreement	1.801.139,04
Procurement of Transportation Services	Simplified Procedures	Framework Agreement	606.300,00
Centralized Procurement of HIV medicines under the National Health Program	Open Tender	Framework Agreement	1,433,524,928

Source: SEAP

Table 4. NHIH Procurement for the period 2018 – 2019 (March)

Activity Description	Selection Method	Contract Type	Estimated Cost (RON)
TA services with preventive actions for Oracle database	Simplified Procedures	Public Procurement Contract	161.046,00
Cleaning Services (18 months)	Simplified Procedures	Framework Agreement	312.000,00
Services for removing technical deficiencies for IT System DES	Simplified Procedures	Public Procurement Contract	123.490,00
IT Maintenance Services	Simplified Procedures	Public Procurement Contract	114.636,00
Postal Services (26 months)	Open Tender	Framework Agreement	7.544.466,70
Archiving Services	Open Tender	Framework Agreement	966.250,00
Security Services	Simplified Procedures	Public Procurement Contract	72.000,00
Security Services	Simplified Procedures	Public Procurement Contract	140.833,00
Cleaning Services	Simplified Procedures	Public Procurement Contract	172.500,00
Security Services	Simplified Procedures	Public Procurement Contract	169.000,00
Transportation Services	Simplified Procedures	Framework Agreement	444.000,00

Source: SEAP

Procurement profile of activities needed to implement the agreed milestones: Generally, these are small value consulting services and goods contracts. Major procurement would be required to achieve the DLI 6 aimed to reduce ineffective spending through improved data-driven decision making, to be implemented primarily by the NHIH. Currently, NHIH has limited mechanisms to identify and prevent ineffective spending, such as: provision of unnecessary services, unintentional errors in coding, claims and fraud. NHIH's data system is disconnected from the data systems of the MoH and providers which makes it impossible to review spending across databases. The implementation of recommended actions would require procurement of various IT products (hardware and software). The values of these contracts are relatively large compared to the contracts currently managed by the NHIH and might be challenging for the existing capacities within this institution. But they are significantly below the OPRC thresholds. It is expected that with improved and strengthened capacities, NHIH will manage these contracts without major issues. List of major procurement activities needed to achieve the DLIs is provided in Annex 1, while the total costs per expenditure are provided in Table 5.

Table 5. Total costs per expenditure category (in USD)

Expenditure Category	Cost
Consulting Services	4,800,000
Goods	29,150,000
Non-Consulting Services	150,000
<i>Total:</i>	<i>34,100,000</i>

C5. PROCUREMENT PROCESSING

Preparation of bidding documents and technical specifications. Standard Bidding Documents have been developed by ANAP and are available on their website: www.anap.gov.ro. In practice, each technical department within the institution assesses the needs and submits the data to the Procurement Department which collects and consolidates the data. Technical input (technical specifications, terms of references) is provided by the relevant technical departments. The persons involved in the preparation of TSs are doctors and other experts depending on the nature of products/services to be procured. The preparation of technical specifications and the bidding documents is a lengthy process and often takes significant time to accumulate basic information, as it involves numerous consultations with the public institutions for which the joint procurement is conducted and with the business community. The technical experts that have prepared the technical specifications usually participate later on in the evaluation process.

Procurement Units are generally not involved in the preparation of the technical aspects of the bidding documents. They are responsible for the tendering phase, overall guidance through the procurement process and development of the annual PP.

Opening and evaluation of bids. Tenders are opened in public and minutes of public opening are prepared in a form and content as defined in the legislation. A copy of the minutes is made available to all authorized representatives of the tenderers. Evaluation is done in accordance with the evaluation and qualification criteria in the tender documents and is carried out by an evaluation committee.

The e-procurement system was first introduced in 2007 with an improved version launch in April 2018 (<http://sicap-prod.e-licitatie.ro/pub>). Information on tenders launched before April 2018 can still be retrieved from the old system for data analysis purposes. The current system publishes procurement plans, bidding opportunities and contract awards. The platform represents an electronic infrastructure which offers the public authorities of Romania the possibility to procure goods, works and services through electronic means and the economic operators the possibility to submit bids/proposals. It has a user-friendly interface, offers structured data which can be easily retrieved by any user and advance search function. The system brought more transparency in public procurement. In 2018, about 35,354 procurement procedures were conducted with a total value of 139,718,293,000 RON.

Issues identified during the assessment are summarized as follows, with proposed remedial actions outlined in the PAP (Annex 6):

- a) At the MoH: (i) long tendering processes, generally nine months and longer, for a competitive procedure; (ii) frequent cancellation of tenders or blockages of the tendering process due to complaints; (iii) limited technical capacities to develop technical specifications and otherwise provide support during the evaluation/clarifications process; (iv) difficulty in identifying and maintaining the same technical experts (who are generally doctors) throughout the procurement cycle, starting from the development of the technical specification and ending with the contract award; and (v) even though the Procurement Unit is well staffed, procurement function is carried out by three staff, thus making it difficult to undertake additional work or even cope with the current workload.
- b) Given its current mandate, ONAC does not have the required technical competencies to conduct procurement in the health sector;

- c) At the NHIH, a major share of financing under the DLIs to be implemented by the NHIH will be in related to IT infrastructure (development of various electronic platforms, software, and possibly hardware) and the nature of these contracts could be challenging, as the NHIH has limited experience with such procurement.

C6. CONTRACT MANAGEMENT

Legal provisions regarding contract execution are supplemented by relevant guidance and templates which are adapted to the specific needs of each contracting authority. At MoH and NHIH, the template for the contract conditions, which include the obligations for both parties, are published together with the tender documents for each procurement launched. Payment deadlines are set in accordance with Law 72/2013, and clearly mentioned in the contract conditions. Similar deadlines are established for both procurement contracts and framework agreements. MoH generally opts for payment of invoices within 60 days after their receipt, following the acceptance of the goods or services, whereas NHIH prefers to pay within 30 days. Contract conditions also provide for specific delays in case the set deadlines are unjustifiably not met, generally 0,1%. Requesting technical departments are responsible for monitoring the implementation of contracts for operational needs of the institution. Contracts are generally implemented according to the agreed conditions and payments are made within the established deadlines.

For centralized procurement, the Procurement Unit of the MoH concludes framework agreements in the name of the final beneficiaries who are then responsible for concluding and managing the subsequent contracts. The templates for the framework agreement and the subsequent contract are also published together with the tender documents for each launched procedure, including the payment conditions. After the framework agreement is signed with the successful tenderers, the agreement, tender documents, technical and financial offers are sent to the beneficiaries to conclude and sign the subsequent contracts in accordance with their individual procurement plan and allocated budget. Management of subsequent contracts, including payments, is within the responsibility of respective public health institutions. The relevant technical departments in charge with the management of the health programmes maintain the overall coordination of the framework agreements.

An issue identified during the assessment at MoH and NHIH is limited data available at the central level on contract implementation (implementation progress, quantities supplied, payments made). The proposed remedial action is outlined in the PAP (Annex 6).

C7. TRANSPARENCY AND COMPLAINTS HANDLING

A new e-procurement system was launched in April 2018 (<http://sicap-prod.e-licitatie.ro/pub>) as developed by the Agency for Digital Agenda of Romania in line with the national legislation and EU Directives. The system publishes the procurement plans, bidding opportunities and contract awards. The platform represents an electronic infrastructure which offers the public authorities of Romania the possibility to procure goods, works and services through electronic means and the economic operators the possibility to submit bids/proposals. It has a user-friendly interface, offers structured data which can be easily retrieved by any user and advance search function. The system brought more transparency in this area and generated savings of public funds throughout the procurement cycle.

The Law 101/2016 on remedies transposes the relevant EU Directive and provides for an independent complaint review mechanism which has been in place since 2006. The National Council for Solving

Complaints (CNSC) is an independent body established with the mandate to guarantee effective remedies for complaints in public procurement. CNSC's decisions can be challenged in the Appeal Courts. The establishment of CNSC does not preclude the right of any of the parties to address their cause directly to the courts.

In 2017, 4782 complaints [data for 2018 is not available] were submitted and analyzed by CNSC (about 18% of the total number of procurement procedures), registering an increase compared with 2016 due to the increase in the number of procurement procedures initiated in the e-procurement system. The complaints generally contest the result of the evaluation process (about 83%), particularly with regards to the rejection of bids. A total of 3494 decisions were issued by CNSC, with 66% of the complaints being rejected. 19% of the decisions were contested at the competent Appeal Court and in the case of about 97% of the complaints, the Court confirmed the ruling issued by CNSC. The average duration for solving complaints is 29 days. However, the general feedback is that duration of solving complaints in the health sector is considerably longer. This has a direct impact on the duration of the tender and its outcome (cancelled lots/tenders).

Debarment procedures: In Romania, there are no lists of debarred companies, the procurement legislation establishing the exclusion criteria that should be assessed by the contracting authorities for each launched procurement procedure. The legislation provides for the obligation of the contracting authority to exclude from the procurement process tenderers that have been convicted for participation in a criminal organization, corruption and fraud, terrorism, money laundering or terrorist financing, child labor or other forms of trafficking in human being. At the same time, the contracting authority shall exclude from the procurement process tenderers that did not fulfil their obligations relating to the payment of taxes or social security contributions, taxes to the state budget, is in conflict of interest or did not fulfil their contractual obligations, for collusion or false declarations etc., the specific conditions and exceptions being clearly specified by law.

Sharing of debarment list of firms and individuals. The Borrower will use the World Bank's List of Debarred and Cross-Debarred firms and individuals to ensure that persons or entities debarred or suspended by the Bank are not awarded contracts under the Program during the period of such debarment or suspension. This list can be accessed on the World Bank's website (www.worldbank.org/debarr). It is expected that the Implementing Agencies regularly check the list of Debarred and Cross-Debarred firms and individuals during the procurement cycle. The compliance with this requirement will be checked by the Program's auditor.

C8. PROGRAM ACCOUNTING AND FINANCIAL REPORTING

The Program uses a comprehensive accounting and reporting framework and reliable tools. Expenses incurred for achieving the Program results will be accounted in line with the national legislation in force, which includes detailed methodologies and instructions issued by MoPF. There is a unified chart of account for the central and local government units. Since 2006, 11 IPSAS (International Public Sector Accounting Standards) accrual accounting standards have been adopted. As an important step towards faster and better collection of data, a national commitment and reporting system (Forexbug) was rolled-out in the public administration in 2017. Key changes triggered by the implementation of this new reporting system are (i) the development of Treasury cash accounts of revenues and expenses at COFOG 2 level- respectively, chapter, sub-chapter and paragraph for revenues and expenses, and as per economic classification at the level of title, article and line item for expenses; (ii) control of payments vs. legal commitments in the Treasury; (iii) transmittal to MoPF by each public institution of a standard analytical trial balance; and (iv)

elimination of consolidation of financial statements at the level of secondary, respectively primary credit holders. Starting with 2019, financial statements will be submitted only electronically, permitting efficient preparation of Program financial statements.

All Program entities prepare several quarterly and annual financial statements, of satisfactory quality, which include, inter alia: a balance sheet that shows assets and liabilities, the patrimonial results account, cash flow statement, the budget execution accounts showing all transactions made in the current period, annexes to the financial statements and explanatory notes. The three entities involved in Program implementation will continue to reflect the expenses incurred for the Program as per the framework in force, in the existing systems. These costs should be easily identifiable at any moment and proper analytical accounting records should be maintained in this regard at the level of each entity. Program expenses will be quantified during the yearly state audit and reflected in a note to the entity's financial statements.

For the purposes of annual financial reporting and auditing, the Program expenditures will be collated at the level of the MoH by the Program coordinator and the set of Program financial statements subject to independent audit. A review of financial reporting and auditing compliance by MoH and NHIH confirms that adequate capacity exists. The Program financial audit will include in its scope the expenditures incurred for the activities envisaged under the Program (wages of relevant staff, purchase of software, hardware, consulting services, training, etc.) as funded from the budgets of the MoH, MoPF (including ONAC), and NHIH. These should be presented in a note in the separate audit reports produced for each entity. The scope of the financial audit will include *inter alia* the review of the relevant work and findings of the entities' internal audit function and observance of the World Bank list of debarred and cross-debarred firms and individuals.

C9. THE STATE AID SCHEME AND PERFORMANCE-BASED FINANCING

A de minimis state aid scheme and a performance-based financing mechanism are envisaged under the Program to incentivize family medicine. The type of financing (grant or subsidized interest loan) and implementation arrangements are still to be decided. A Government Decision will be issued in this respect in the first year of the project, when the first call is expected to be launched.

Existing arrangements for similar state aid schemes managed by the MoPF are sufficiently robust and reliable and would be considered for the design of the proposed instrument. There are several types of de minimis state aid schemes implemented in Romania (including one in the health sector for financing procurement of medical devices by the public health hospitals in the subordination of the Timis local authority) and information on the ongoing ones and applicable regulatory framework is published on the Competition Council's dedicated website. There is a comprehensive EU and national legislation that regulates de minimis state aid schemes, and monitoring is exercised at different levels such as MoPF and Competition Council.

This activity triggers potential risks in terms of internal controls as at this point the scheme arrangements are unknown and fiduciary capacity for implementation and monitoring cannot be assessed. Family doctors provide services in private practices, which are not subject to the public procurement regulations, and their capacity to procure and account for such activities and report to the financing body may be limited. Depending of the level of success of the scheme (more than 3,000 doctors are estimated to access the scheme in year 3 of the project if it is designed as non-reimbursable funding), this may also strain the budget available. Financing may be channeled through commercial banks, and while some of them are

already familiarized and participating in several other schemes, clear arrangements in terms of flow of funds and reporting should be instituted.

Generally, procurement conducted by family physicians is limited to basic needs to operate the office. As private businesses, they conduct their procurement following commercial practices making sure that funds are spent economically and efficiently. In most of the cases, they conduct a minor market research to have an indication of whether the required product is available on the local market and if so, then at what prices. The main factors contributing to the decision on the contract award are: (i) familiarity/previous satisfactory performance with a particular supplier; (ii) experience of the suppliers, if new to the family physician; (iii) technical compliance with the desired functionalities, mainly in the case of medical equipment; and (iv) price. The most common procurable items are: minor equipment, various supplies (general and health), minor works, software. Direct contracting is also primarily used when there are repeat purchases and purchasing of additional quantities or in the case when proprietary goods are required. Normally, if the family physician had satisfactory experience with a particular supplier, the preference is to maintain the business relationship with this supplier provided the prices remain to be competitive.

The proposed state-aid scheme is expected to support the rehabilitation, training of the doctors and equipping of family medicine practices. Given the value of the loans/grants, procurement will be of a very small value. However, irrespective of the value, some contracts might be challenging for the family doctors given their limited experience with procurement due to scarce financial resources. This is particularly valid for family physicians outside major cities.

The minimum quality standards for the eligible activities and fiduciary aspects will be developed and provided to the Bank before the launch of the scheme. The Bank will review proposed arrangements and signal any weaknesses in the proposed design and work with the counterparts to ensure adequate implementation arrangements, including fiduciary aspects. Technical support for required capacity for the design and implementation of fiduciary arrangements, including a system of internal controls and oversight is proposed to be supported under the Program and will be monitored under the PAP.

C10. PROGRAM TREASURY MANAGEMENT AND FUNDS FLOW

The Treasury Single Account (TSA) framework is clearly designed and well-functioning. Program implementing entities operate with sub-accounts of the main TSA. Program expenses will be budgeted and channeled through the existing budgetary system, according to the national legislation in force. Budget resources are made available to the agencies which are responsible to manage expenditures in accordance with the monthly, quarterly and yearly limits and ceilings imposed by the MoPF. A tight control is exercised over credit releases through the combination of quarterly cash limits and monthly credit openings. The Treasury Information System is able to produce budget execution reports on a cash basis in almost real time. The recently-introduced Forexebug also contributed to more effective scrutiny over commitments and payments, as mentioned above.

NHIH administers NHIF (which ensures about 75% of the sector financing) and is responsible for planning and purchasing, through its county branches, health services from both public and private hospitals, laboratories, pharmacies, ambulatory care specialists, GPs etc. NHIH's treasury management and funds flow mechanisms are assessed as reliable and sufficiently robust based on a review of their internal control and oversight arrangements, together with a review of findings of the latest independent audit reports.

C11. INTERNAL CONTROLS AND INTERNAL AUDIT

Romania, as an EU member is part of Public Internal Financial Control (PIFC) agenda and there are plans to further strengthen this area. The strategy for consolidation of public administration 2014-2020 recognizes among other objectives the need to increase the use of internal controls standards and strengthen the internal audit capacity at both central and local level.

Internal controls are well established in the entities in the scope of the Program. There are clear written procedures for authorisations, segregation of duties, reconciliations etc. covering expenditure and financial management, as well as procurement responsibilities. There are strict ex-ante and detective controls imposed by the legislation and internal regulations, particularly over the budget execution, but often rather bureaucratic and not necessarily endorsing a risk-based value-for-money approach.

The Internal audit function, complemented by other oversight departments such as control, integrity and antifraud at the level of MoH and NHIH, is well-regulated, but its effectiveness is impaired by capacity constraints⁴. It has a well-formulated legislative framework established through Law 672/2002 which defines its scope as covering the broader areas of strategic decisions, regulation development, coordination, control, evaluation, and reporting. Internal audit looks into areas such as budgeting, accounting and reporting, public procurement, HR, IT, legal aspects, EU funds and other specific functions and should cover them every three years. Compliance and quality are monitored by the MoPF Central Harmonisation Unit of Public Internal Audit (CHUPIA), with entities being subject to its review (or of the superior budgetary unit) at least once every five years. The RCoA also receives on a yearly basis a report on the internal audit activities carried out from public entities and consider the findings in its work.

The internal audit function is well organised in the implementing agencies, but there are challenges in terms of staffing and skills development, realism and scope of audit work programs, and proper follow-up on findings. In practice, although it complies with legislation, it is still dominated to a large extent by ad-hoc, compliance-focused audit engagement missions and is not yet fully endorsing a longer-term, risk-based planning method of internal auditing. Despite capacity constraints, MoH's internal audit function is perceived as good practice by the RCoA in terms of coverage of different types of activities. Each year the NHIH's internal audit evaluates the activities of various central departments (such as medical services; pharmaceuticals, clawback and cost-volume contracts; control and antifraud etc) and of a representative sample of subordinated county insurance houses. ONAC is subject to MoPF's internal audit which has adequate capacity and has included ONAC activities in its strategic multi-year work plan.

In light with the expanded scope of activities to be introduced by the Program, this assessment proposes a need to evaluate and continually monitor the technical capacity of the MoH and the NHIH to effectively oversee the continuing efficacy of internal controls and oversight over Program resources. Capacity needs will be supported by the Program and monitored as part of the regular Bank's implementation support and supervision.

C12. PROGRAM AUDIT

The Bank is presently engaging with the Romanian Court of Accounts (RCoA) on an institutional reform and capacity building effort, under a separately-funded initiative. This support is intended at strengthening the technical capacity of the Court to fully adopt a risk-based approach and methodology

⁴ http://www.curteadeconturi.ro/Publicatii/Raport_special_Audit_Intern.pdf

consistent with the INTOSAI standards and practices. It is intended that as that capacity is attained, the Court will be engaged to audit the Program financial statements. In the interim, this assessment proposes engaging a private sector firm under terms of reference acceptable to the Bank. Audited program financial statements will be required to be submitted to the Bank within 12 months following the end of the financial year.

RCoA has audited timely and satisfactorily the public entities involved in the Program, with the exception of the recently-created ONAC. It has also conducted several performance audits in the health sector (such as on various national health programs). It has issued a qualified-except for opinion, with an emphasis of matter paragraph on the 2017 financial statements of both MoH and NHIH. In the case of MoH, the audit revealed issues such as double-accounted expenses, medical equipment purchased but put in operation after payment, inaccurate consumption of vaccines, etc. The audit of the NHIH noted irregularities pertaining to the reimbursement of medicines and health services under the contracts concluded between the country insurance houses and providers, and partial implementation of the internal control managerial standards.

C13. KEY FIDUCIARY RISKS AND MITIGATING MEASURES

Risk sources	Actions to address weaknesses that will support attainment of Program objectives	PAP, DLIs, mitigating measures	Risk level	Responsible	Deadline
Planning and budgeting. Risk of insufficient and/or delayed financing of Program activities by the MoPF (considering the increased envelope needed for certain results areas and the systemic budgetary constraints)					
Linkage between the Government strategic priorities, Medium-Term Expenditure Framework (MTEF) and Budget allocations for the program exists but there are deviations between the MTEF, financing requests and approved budgets, and timeliness of the budgetary allocations	Sufficient allocation of Program funding in the budget and timely remittance of financing to implementing entities	PAP DLI 1 and 3	Substantial	MoH/NHIH/ MoPF/ONAC	2020-2023
Procurement capacity.					
ONAC is newly established and has not yet developed requisite capacity to perform the full range of procurement activities, including of specialized medical supplies and equipment	Technical assistance to build capacity including establishing systems and resources for efficient and effective performance. Establishment of mechanisms for ongoing specialized supplies' procurement support by the MoH	PAP	Substantial	MoPF/ONAC/ MoH	2020-2023
Lack of electronic platforms to collate and consolidate the procurement needs of beneficiaries delays the preparation of the tenders and unnecessarily increases the level of effort of personnel managing the procurement process	Complete the initiated development of the proposed electronic platform	PAP	Substantial	MoH/NHIH/ ONAC	2020-2023
Limited experience with IT procurement might delay the procurement process and affect its quality and outcome	Enhance the IT expertise through technical assistance programs and/or employ specialists in the area	PAP	Substantial	MoH/ONAC/ NHIH	2020-2023

Accounting and financial reporting.					
Potential delays in preparation and audit of the Program financial statements (considering the multiple stakeholders) by MoH.	Program coordination arrangements will include centralized preparation of Program financial statements by MoH.	PAP	Substantial	MoH/NHIH/ ONAC	2020-2023
The Romanian Court of Accounts may not have enough capacity and experience in auditing the new activities proposed under the Program	<p>The Bank will agree with the Romanian Court of Accounts (RCoA) on the terms of reference and due dates (no later than 12 months from the end of the audited year) of the Program audit. In the interim, until the RCoA's capacity is strengthened under a separately-funded initiative, a private firm will perform the Program audit under acceptable terms of reference. RCoA capacity needs will be assessed and monitored annually as reflected in the PAP.</p> <p>Technical assistance for required audit coverage and timely reporting could be provided.</p>	PAP	Substantial	RCoA	2020-2023
Internal Control and Oversight					
Capacity constraints in the oversight of primary and community care staffing and related expenses by MoH and NHIH	<p>The Program finances activities to enhance the quality of monitoring. (i.e., integrating health systems for better monitoring, public disclosure of relevant data, establishment of a unit for governance of primary and community health care in the MoH, revision of clinical protocols, etc.)</p> <p>The proposed revisions in the Framework Contract expanding of scope of primary care services and payment mechanisms should be duly reflected in the NHIH's internal procedures.</p> <p>The institutions' capacity to oversee and monitor performance will be monitored during the Bank's regular implementation support and supervision missions.</p>	ISSP	Substantial	MoH/NHIH	2020-2023

Weaknesses in internal controls and oversight of the State Aid financing scheme for family physicians by the MoPF	Technical assistance for establishing the scheme, including a system of internal controls, performance monitoring and oversight.	PAP	Substantial	MoPF/NHIH	2020-2023
Weaknesses in internal controls and oversight of the performance-based financing mechanism for family physicians at NHIH	Technical assistance for establishing the mechanism, including a system of internal controls, performance monitoring and oversight	ISSP	Substantial	NHIH	2020-2023
Complexity of arrangements for: (i) pricing and reimbursement of medicines; and (ii) clawback tax calculation and management by the NHIH.	<p>Technical assistance for establishing the mechanism, including a system of internal controls, performance monitoring and oversight is reflected in the PAP.</p> <p>To improve transparency and accountability, the MoH and NHIH pricing process for medicines will be completed and published on the NHIH website annually. Any notifications received on the pricing process will be duly tackled and outcome of investigations made public.</p>	ISSP	Substantial	MoH/NHIH	2020-2023

D. GOVERNANCE AND ANTICORRUPTION

C1. INSTITUTIONAL ARRANGEMENTS

The operation will rely on national institutions and public bodies responsible for combating fraud and corruption – i.e., the government will use its own systems for responding to concerns (from citizens, contractors, etc.) related to governance. The Bank’s Anticorruption Guidelines will be applicable to the Program as a whole as negotiated and agreed with the Borrower during project appraisal and negotiation. The Program shall be subject to the Bank’s Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing, dated February 1, 2012 and revised July 10, 2015, which require that Borrowers ensure that any person or entity debarred or suspended by the Bank is not awarded a contract under or otherwise allowed to participate in the Program during the period of such debarment or suspension. Participation, however, does not include the performance under contracts entered into or other engagements which began prior to the date of the Loan Agreement. The list of such debarred firms and individuals can be found on the following website: www.worldbank.org/debarr. The compliance with this requirement will be checked through the Program’s audit. A memorandum of understanding (MoU) entered between the Romanian Prosecutor's Office attached to the High Court of Cassation and Justice, the National Anticorruption Directorate (DNA) and the Bank’s Integrity Vice Presidency (INT), signed on December 8, 2014 is in force. In this MoU, the parties commit to cooperate with each other on matters of mutual interest within the scope of their mandates. The terms of the MoU will be applicable to the Program.

Corruption is still acknowledged as an issue in the public sector, and more prominent in the health sector. According to the 2018 Transparency International’s Corruption Perception Index, Romania was ranked 61st in the list of 180 countries.⁵ Despite some improvements, Romania has marked a decrease in government effectiveness, regulatory quality, and control of corruption in the past few years (WGI data: 2013-2017).

The three main areas identified as relevant for the assessment include:

- Transparency, integrity and accountability in the selection of the activities included in the Program;
- Systems capacity to handle risks of fraud and corruption throughout the implementation of the Program activities;
- Integrity issues within the health sector supported through the Program.

C2. CAPACITY TO HANDLE RISKS OF FRAUD AND CORRUPTION

One aggregated indicator of the borrower’s systems capacity to handle risk of fraud and corruption is Romania’s EU membership. Establishment and proven reasonable effectiveness of all systems relevant for handling of fraud and corruption is one of the most scrutinized area in this capacity. Since it became a member state in 2007, Romania is monitored by the Commission through the Mechanism of Cooperation and Verification (MCV). The MCV report for 2018 noted a regression (mostly in terms of independency of judiciary and increased pressure on prosecuting bodies), but salutes several important steps taken (such as introduction of the PREVENT system to prevent conflict of interest in public procurement) towards the implementation of the national anticorruption strategy.

⁵ https://www.transparency.org/news/feature/corruption_perceptions_index_2017#table

More specifically, Romania has EU harmonized legislation framework and institutional arrangement for public procurement. The Law 101/2016 on remedies transposes the relevant EU Directive and provides for an independent complaint review mechanism which is in place since 2006. The National Council for Solving Complaints (CNSC) is an independent body established with the mandate to guarantee effective remedies for complaints in public procurement. CNSC's decisions can be challenged in the Appeal Courts. The establishment of CNSC does not preclude the right of any of the parties to address their cause directly to the courts.

Romania has made good progress on anti-corruption in the last decade, but political pressure over the investigation bodies has increased significantly in the past few years. Within the context of this health program, there are a few institutions (as listed below) that are directly related to combating fraud and corruption and generally effective in delivering their mandate.

The institutions responsible for application of criminal and administrative sanctions in Romania are the National Integrity Agency (ANI), the National Anti-Corruption Directorate (DNA) and the General Prosecution Services.

Romania's anti-corruption agency (DNA) has requisite capacity. The National Anticorruption Directorate (DNA) under the Public Ministry is the national agency tasked with preventing, investigating and prosecuting material corruption-related offenses⁶. The DNA is headed by a Chief-Prosecutor and 2 deputies, nominated by the Minister of Justice and appointed by the President of Romania. The Chief-Prosecutor of the Directorate is subordinated to the General-Prosecutor of the Prosecutor's Office attached to the High Court of Cassation and Justice. The DNA has in recent years established an impressive track record in terms of solving high and medium level corruption cases.

The 2014 Anti-Corruption Report of the European Commission highlighted the Romanian DNA as one of 5 examples of good practices in anti-corruption agencies across the EU observing a notable track record of non-partisan investigations and prosecutions into allegations of corruption at the highest levels of politics, the judiciary and other sectors, including Health. Corruption in the health sector and public procurement is listed among the priorities of the DNA for 2019.⁷ In the past seven years, DNA has indicted over 4,700 defendants. 90.25 percent of its indictments were confirmed through final court decisions. Nearly 1,500 defendants were convicted through final court decisions, almost half of them holding very high-level positions. While recognizing important progress achieved in certain areas, the latest EC MCV report issued in November 2018 signals the substantial pressure exercised over the independence of judiciary, including on DNA, which may reverse the anticorruption reform.

Any activities financed by the EU to support achieving the Program results will also be subject to the investigations of the European Anti-Fraud Office (OLAF). In 2017, Romania ranked first in the member states subject to OLAF investigations. There were 11 OLAF investigations related to the management or spending of EU funds at regional or national level in Romania in 2017, more notable on roads construction,

⁶ When the bribe or the illegal gain is higher than EUR 10,000; damage incurred is higher than EUR 200,000; corruption deeds done by public interest persons such as deputies, senators, members of the Government, state secretaries, mayors, national companies, etc.

⁷ Annual Report of DNA for 2018: <http://www.pna.ro/obiect2.jsp?id=376>

and recommendations were issued for eight of the cases, with a financial impact estimated to EUR 21 million that needs to be recovered and reimbursed to EU.⁸

The systems handling the risks of fraud and corruption during Program implementation are in place and functioning.

C3. TRANSPARENCY, INTEGRITY AND ACCOUNTABILITY IN SELECTION OF THE PROGRAM'S ACTIVITIES

The first step in assuring transparency, integrity and accountability in the selection of the activities included in the Program focuses on the scope of the strategic problems and priorities identified in the adopted National Health Strategy for 2014–2020, preparation of which included a wide consultation and a consensus building among all key stakeholders.

C4. INTEGRITY ISSUES WITHIN THE HEALTH SECTOR

The health sector is perceived as being among the most corrupt sectors in the country⁹. According to an EC study¹⁰, corruption in healthcare occurs in Romania across all types of stakeholders in the sector, such as: the widespread practice of informal payments in order to get access to (better) medical treatment or to obtain false medical certificates providing entitlement to social benefits (between patients and healthcare providers), the occurrence of double practice (patients, healthcare professionals, and hospitals), procurement of medical devices (involvement of industry and payers), authorization and procurement of pharmaceuticals (also involvement of industry and payers).

Other forms of corruption in the healthcare system are, for example: illegal sponsorship (sponsorships are not illegal per se, but bribes and conflicts of interests are sometimes hidden in sponsorships) with several high-profile investigations relating to this practice, and parallel exports (doctors prescribing medicines to their patients without service delivery; medicines are sold to other EU countries at higher prices).

Key governance (including corruption) concerns related to the Program areas include the (i) value of goods procured – including both medical and non-medical goods; and (ii) inaccurate billing (incorrect or over-billing) for health services rendered and which qualify for reimbursements from the NHIF.

After the adoption of the National Anticorruption Strategy for 2016-2020, several actions have been endorsed specifically for the health sector (such as increasing efficiency and transparency of use of funding, strengthening accountability mechanisms, etc.) and measures have been taken to implement them, with uneven success.

MoH and NHIF are central in the provision of healthcare in Romania, including the control of corruption and abuse, particularly in direct relation to corruption in public procurement in hospitals and, for example, insurance fraud.

⁸ https://ec.europa.eu/anti-fraud/sites/antifraud/files/olaf_report_2017_en.pdf

⁹ file:///C:/Users/wb309782/Desktop/PforR/20170928_study_on_healthcare_corruption_en.pdf

¹⁰ Updated study on corruption in the healthcare sector in Romania, 2017 https://ec.europa.eu/home-affairs/sites/homeaffairs/files/20170928_study_on_healthcare_corruption_en.pdf

An Integrity Department was set-up in MoH in 2011. This department has the responsibility to develop and implement strategies to fight corrupt practices and counter corruption risks within the healthcare system. A thematic peer-review evaluation carried out in October 2017 pointed to a number of structural weaknesses in the implementation of the national anti-corruption strategy in the health sector, including a chronic lack of resources at the level of the control and integrity department of the MoH. Out of the nine positions planned under this structure, only four were filled in 2017 (one staff was suspended at that time). As of 2019, the integrity function is still understaffed, while the control department has a staffing capacity of 12.

NHIH has an action plan to address the sectorial priorities of the anticorruption agenda for 2017-2020 which includes, inter alia, measures such as (i) internal audit review of the system of preventing corruption; (ii) joint efforts NHIH-MoH to monitor and control the providers under the health insurance scheme, (iii) follow-up on the internal control and on RCoA's findings (forwarding them to judiciary, as needed); and (iv) training of staff on ethics and anticorruption.

Starting with 2015, a mechanism for patients' feedback which provides useful information for the evaluation of the quality of medical services and integrity of medical staff has been implemented.

The Program focuses, inter alia, on improving systems efficiency (through better institutional coordination, digitalization, organization and control), which directly contributes to improving the operating environment as a deterrent for corruptive behavior.

E. IMPLEMENTATION SUPPORT PLAN

The Bank's fiduciary team will regularly review the previously noted baseline indicators. The team will place particular emphasis on areas such as (i) the budgetary allocations to support the increased access to and effectiveness of primary and community care under the Program; (ii) internal control and audit capacity of the entities under the Program, and particularly for riskier complex areas such as reimbursements under the primary care, community care, clawback tax calculation, , (iii) the level of reimbursement payments from NHIH to health service providers and hospitals and whether adjustments to reimbursements based on the new performance model have been shared in a timely manner with the providers and if these have adjusted their budget and financial plans to account for these adjustments, (iv) the implementation of the regular control and supervision work plans of the MoH's and NHIH's Control Directorates, and (v) the implementation of significant audit recommendations issued annually by the RCoA to respective implementing entities.

Although the experience with the joint procurement until now could be considered as quite positive, there are areas which need enhancement and further improvement related mainly with the long time for drafting and preparation of the technical specifications for medical equipment, consumables, materials and medications for hospitals, the lack of contract administration and monitoring system; further building and sustaining of capacity for procurement management, development and application of e-procurement, and drafting a program operational manual.

In addition, the Bank fiduciary team will also work with the Borrower to monitor overall implementation progress and address areas which need improvement as identified above, as well as it will have a continued involvement as follows:

- Reviewing implementation progress and achievement of Program results, including effectiveness and quality of procurement planning, timeliness and cost effectiveness of delivering of goods and services to end-users, competitiveness of the procurement processes, extent of the implementing agency's compliance with the applicable rules regarding use of different procurement methods, timeliness and efficiency of contracts' implementation and payments.
- Providing support for implementation issues and institutional capacity building, as relevant.
- Monitoring the performance of the fiduciary systems and audits, as well as compliance with fiduciary provisions and the PAP.

List and estimated cost of activities required to support the achievement of DLIs (in USD)

Activity Description	Type	2019	2020	2021	2022	2023
Technical assistance for the revision, costing, and expenditure projections for the updated basic benefit package, and towards the revision of legislation and regulations to reflect the updated package	CS	150,000				
Technical assistance to develop protocols for community health service delivery, integration of community and primary care, supervision of integrated community and primary health care, and the conduct of community needs assessment.	CS		100,000			
Technical assistance to develop operational details for the set-up of new unit in the Ministry of Health for oversight of integrated primary and community health care and towards management training of key personnel	CS	200,000				
Computers, furniture, and other supplies for set up of new unit in the Ministry of Health for oversight of integrated primary and community health care	G	50,000				
Technical assistance to support the revision of clinical guidelines and the Framework Contract to expand the scope and supply of primary health care services, and to develop expenditure projections for the revised service profile	CS		150,000			
Technical assistance for the primary health care needs assessment and development of legislation, regulation, and operational guidelines for the state aid scheme to fund capital investments in family medicine	CS		200,000			
Training of 100 professionals in cytology and quality assurance for cervical screening, including domestic travel, per diem allowances, training materials and facilitation, and other costs	NCS				150,000	

Activity Description	Type	2019	2020	2021	2022	2023
Strategy and Regulations Development	CS		100.000	200.000		
Main implementation body - equipping	G			300.000		
Fundamental registries upgrade	G			500.000		
NHII systems upgrade with error & fraud detection tools	G		500.000	1.000.000		
Upgrade of EHR to National EHR	G			500.000	4.500.000	
Upgrade of system platform (HW)	G				8.000.000	
Community care IS upgrade	G			300.000	500.000	
NHII systems integration to EHR	G				500.000	500.000
Upgrade/development of central systems (ePrescription, eReferral, blood bank)	G			1.000.000	2.000.000	
HMIS (resources and financial analytics incl. error and fraud detection modules)	G				1.000.000	4.000.000
Data Observatory (health statistics and indicators)	G				1.000.000	3.000.000
Various consulting services (requirements assessment, technical specifications, technical monitoring, etc.)	CS		400.000	400.000	400.000	400.000

Activities Description	Type	2019	2020	2021	2022	2023
Technical assistance to ONAC to assume centralized procurement of standardized products for hospitals without existing framework contracts (including consultancy services and training)	CS		150,000			
Technical assistance to ONAC to complete centralized procurement (including signing framework contracts) of medical supplies and devices for emergency medical services (including consultancy service and training)	CS		100,000			
Technical assistance to MoH and ONAC to complete centralized procurement (including signing framework contracts) of medical supplies and devices for at least 300 hospitals contracted with the NHIH (including consultancy services, training and field visit(s))	CS		100,000	250,000	250,000	150,000
Technical assistance to develop and implement HTA methodology (including consultancy services and training)	CS	350,000				
Technical assistance to revise list of drugs reimbursed from the NHIH budget	CS	150,000				
Technical assistance to perform external reference pricing	CS		50,000	50,000	50,000	50,000
Technical assistance to NHIH to draft, negotiate and conclude managed entry agreements (MEA) for newly approved drugs.	CS			250,000		150,000

Proposed program procurement performance indicators

Indicator	Measure	Baseline	Recommended Standard
MoH			
Average length of procurement processes	Number of days between date of award and date of invitation to bid	Open Tender – 180 days	Open Tender – 150 days
Time for bid evaluation	Number of days between bid opening and contract of award.	Open Tender – 150 days	Open Tender – 120 days
NHII			
Processes cancelled	Percent of bid processes before contract signature	36 %	10%
Bidders participation	Average number of bidders submitting a bid in each bid process	Simplified procedure: 2 Open Tender: 1	Simplified procedure: 3 Open tender: 3
Time for preparation of bids	Number of days between invitation to bid and bid opening	Simplified procedure – 11 days Open Tender – 30 day	Simplified procedure – 15 days Open Tender – 40 days

Proposed program financial management performance indicators

Indicator	Measure	Baseline	Recommended Standard
Adequacy of the Program budget	Ratio of requested versus approved original and revised budget Budget execution rate	n/a 90-100% (2018)	Realistic forward-looking planning of implementing agencies Timely and sufficient budgetary allocations are provided as per the financing requests of the implementing agencies
Effectiveness of of control and antifraud functions of MoH and NHIH	Number of controls conducted in a year Percent of liabilities recovered	NHIH: 26 control actions in 2017 (11 on local HIHs, 15 at medical suppliers); county HIHs: 11,608 control actions at medical suppliers; NHIH: RON 34,019,404.96 liabilities identified (58%, RON 19,696,722.59 recovered as of 31.12.2017); MoH: 19 control actions in 2018	An increase of at least 10% every year
Follow-up on internal and external audit recommendations	Percent of audit recommendations implemented	n/a	An increase of at least 10% every year

List of analyzed contracts

Reference No	Short Activity Description	Type of procedure	Expenditure Type	Status	Award method	Estimated Cost (RON)	Publication date	Submission Deadline	No. of Lots	Contract Signing Date	No of Bids Received	Procedure Duration	Reason for Cancellation
Ministry of Health													
SCN1041168	Cleaning services	Simplified procedure	Services	Ongoing	PP contract	168.067,23	05.04.2019 14:20	16.04.2019 15:00	0	N/A	N/A	N/A	N/A
SCN1040080	Technical support and maintenance of IT system SIMAD	Simplified procedure	Services	Cancelled	PP contract	161.378,00	20.03.2019 17:27:22	01.04.2019 15:00	0	N/A	N/A	N/A	No bids received
CN1009076	Public procurement of equipment and devices for education through simulation	Open tender	Supplies	Ongoing	PP contract	3.365.000,00	16.02.2019 01:38:11	21.03.2019 15:00	5	N/A	N/A	N/A	N/A
CN1008911	Centralized procurement of HIV medicines at the national level under the National Health Program	Open tender	Supplies	Ongoing	FWC	136.131.785,81	12.02.2019 01:38:51	15.03.2019 15:00	2	N/A	5	N/A	N/A
SCN1029789	Public procurement of public awareness campaign	Simplified procedure	Services	Ongoing	FWC	2.614.525,00	04.12.2018 09:16:22	07.01.2019 15:00	0	N/A	4	N/A	N/A
CN1006723	Public procurement of dTPa vaccines	Open tender	Supplies	Ongoing	FWC	105.780.000,00	27.11.2018 02:41:32	04.01.2019 15:00	0	N/A	Data not published	N/A	N/A
CN1005066	Centralized procurement of medical incubators	Open tender	Supplies	Ongoing	FWC	128.754.036,67	13.10.2018 01:43:41	13.03.2019 15:00	7	N/A	11	N/A	N/A
CN1004757	Centralized procurement of TB medicines at the national level under the National Health Program	Open tender	Supplies	Ongoing	FWC	74.801.019,81	02.10.2018 01:49:36	15.11.2018 15:00	22	N/A	Data not published	N/A	3 lots cancelled
CN1003782	Public procurement of vaccines	Open tender	Supplies	Awarded	FWC	62.350.000,00	05.09.2018 02:10:13	05.10.2018 15:00	0	05.12.2018	5	92	N/A
CN1003609	Public procurement of equipment, devices and software for training through simulation	Open tender	Supplies	Ongoing	PP contract	9.073.208,45	31.08.2018 01:41:35	01.10.2018 15:00	40	N/A	14	N/A	N/A
CN1001996	Centralized procurement for HIV tests	Open tender	Supplies	Awarded	FWC	1.801.139,04	04.07.2018 01:37:41	02.08.2018 15:00	3	04.12.2018	7	153	N/A
SCN1004830	Transportation services	Simplified procedure	Services	Awarded	FWC	606.300,00	19.06.2018 16:01:43	02.07.2018 15:00	0	13.07.2018	5	24	N/A
184392	Procurement of HIV medicines under the National Health Program	Open tender	Supplies	Awarded	FWC	1,433,524,928.8	13.04.2018	17.05.2018	54	22.11.2018	5	223	N/A
182430	Supply of powdered milk	tender	Supplies	Awarded	FWC	18.801.577,20	03.02.2018		0	18.10.2018	3	259	N/A
181396	Centralized procurement of fuel for public hospitals under the subordination of the MoH	Open tender	Supplies	Awarded	FWC	308.593.600,00	14.12.2017	16.01.2018	0	21.03.2018	2	99	N/A
176934	Supply of vaccines	tender	Supplies	Awarded	FWC	17.466.250,00	07.07.2017	14.08.2017	0	09.03.2018	5	246	N/A
178869	Supply of pediatric Hepatitis B vaccines	Open tender	Supplies	Awarded	FWC	5.592.000,00	13.09.2017	30.10.2017	0	25.01.2018	3	134	N/A
172593	Centralized procurement of oncology medicines	Open tender	Supplies	Awarded	FWC	714.200.791,91	13.01.2017	20.02.2017	6	25.01.2018	2-6 bids per lot	277	N/A
178154	Supply of combined vaccines	tender	Supplies	Awarded	FWC	114.667.800,00	19.08.2017	25.09.2017	0	16.01.2018	6	150	N/A

Reference No	Short Activity Description	Type of procedure	Expenditure Type	Status	Award method	Estimated Cost (RON)	Publication Date	Initial Submission Deadline	Technical evaluation completed	Financial evaluation completed	Award Date	Contract Signing Date	No of bids received	Procedure Duration	Reason for Cancellation
National Health Insurance House															
SCN1036582	TA services with preventive actions for Oracle database	Simplified	Services	Ongoing	PP contract	161.046,00	30.01.2019 16:29:32	13.02.2019	28.02.2019				2		
SCN1036324	Cleaning Services (18 months)	Simplified	Services	Awarded	FWC	312.000,00	25.01.2019 13:17:33	08.02.2019	15.02.2019	12.03.2019	12.03.2019	Not Available	1	34	
SCN1027994	Services for removing technical deficiencies for IT System DES	Simplified	Services	Cancelled	PP contract	123.490,00	21.11.2018 16:50:23	03.12.2018					1		Bidder did not meet the criteria
SCN1027961	Urgen maintenance services for IT system SIPE	Simplified	Services	Cancelled	PP contract	114.636,00	21.11.2018 15:57:56	03.12.2018	06.12.2018	11.12.2018	11.12.2018		1		Bidder requested the extension of contract duration which was not accepted by the CA
CN1006482	Postal Services (26 months)	Open tender	Services	Awarded	FWC	7.544.466,70	20.11.2018 02:16:58	21.12.2018	18.01.2019	31.01.2019	31.01.2019	28.03.2019	1	98	
CN1006476	Archiving Services	Open tender	Services	Cancelled	FWC	966.250,00	20.11.2018 02:12:31	21.12.2018							No bids received
SCN1015636	Security Services	Simplified	Services	Awarded	PP contract	72.000,00	11.09.2018 11:18:47	21.09.2018	25.09.2018	02.10.2018	02.10.2018	10.10.2018	2	19	
SCN1001383	Security Services	Simplified	Services	Awarded	PP contract	140.833,00	10.05.2018 18:05:12	21.05.2018	24.05.2018	30.05.2018	31.05.2018	20.06.2018	3	30	
SCN1000475	Cleaning Services	Simplified	Services	Awarded	PP contract	172.500,00	23.04.2018 17:37:03	04.05.2018	10.05.2018	11.05.2018	11.05.2018	21.05.2018	3	17	
SCN1000086	Security Services	Simplified	Services	Cancelled	PP contract	169.000,00	12.04.2018 18:03:04	23.04.2018					1		Bidder did not meet the criteria
422946	Transportation Services	Simplified	Services	Awarded	FWC	444.000,00	19.02.2018	02.03.2018				10.05.2018	5	66	
420715	Communication Services	Simplified	Services	Awarded	FWC		29.12.2017	11.01.2018				01.02.2018	4	21	

Duration of tendering procedures, including contract implementation and payments (year 2018-2019 (April))

Short Activity Description	Type of Procedures	Time for Bids Preparation	Evaluation Period (period between submission deadline and contract signing)	>90 days evaluation	Contract Amount (RON)	Contract Signing Date
Cleaning Services	Simplified Procedure	11 days	Ongoing since April 16, 2019	No	-	-
Procurement of equipment and deices for education through simulation	Open Tender	34 days	Ongoing since March 21, 2019	No	-	-
Procurement of HIV medicines at the national level under the National Health Program	Open Tender (FWA)	32 days	Ongoing since March 15, 2019	No	-	-
Public awareness campaign	Simplified Procedure (FWA)	35 days	Ongoing since January 7, 2019	Yes (117 days as of May 3, 2019)	-	-
Procurement of dTPa vaccines	Open Tender (FWA)	39 days	126 days (contract award made. Not Signed)	Yes (126 days as of May 2, 2019)	-	-
Procurement of medical incubators	Open Tender (FWA)	152 days	Ongoing since March 13, 2019	No	-	-
Procurement of TB medicines at the national level under the National Health Program	Open Tender (FWA)	45 days	Ongoing since November 15, 2018	Yes (170 days as of May 3, 2019)	-	-
Procurement of vaccines	Open Tender (FWA)	31 days	62 days	No	62,350,000	December 5, 2018
Procurement of HIV Tests	Open Tender (FWA)	30 days	113 days	Yes	1,775,458 (3 FWA signed)	December 4, 2018

Transportation Services	Simplified Procedure (FWA)	14 days	11 days	No	170 (1 contract signed)	July 13, 2018
Procurement of HIV medicines under the National Health Program	Open Tender (FWA)	35 days	190 days	Yes	24,879,243.90 (41 FWA signed)	November 22, 2018
Procurement of Powdered milk	Open Tender (FWA)	30 days	252 days	Yes	12,421,000.00 (one FWA signed)	October 18, 2018
Procurement of fuel for public hospitals	Open Tender (FWA)	34 days	65 days	No	308,593,600.00 (one FWA signed)	March 21, 2018
Supply of vaccines	Open Tender (FWA)	39 days	208 days	Yes	10,466,400.00 (one FWA signed)	March 9, 2018
Supply of pediatric Hepatitis B vaccines	Open Tender (FWA)	48 days	123 days	Yes	4,380,000.00 (one FWA signed)	January 25, 2018
Procurement of oncology medicines	Open Tender (FWA)	39 days	340 days	Yes	723,165,958.66 (12 FWA signed)	January 25, 2018
Procurement of combined vaccines	Open Tender (FWA)	38 days	114 days	Yes	76,219,500.00 (one FWA signed)	January 16, 2018

Short Activity Description	Type of Procedures	Time for Bids Preparation	Evaluation Period (period between submission deadline and contract signing)	>90 days evaluation	Contract Amount (RON)	Contract signing date
TA services with preventive actions for Oracle database	Simplified Procedure	15 days	Ongoing since February 13, 2019	No	-	-
Cleaning Services	Simplified Procedure (FWA)	15 days	26 days	No	258,454 (FWA) 12,123 (Subsequent contract)	March 7, 2019
Postal Services	Open Tender (FWA)	32 days	47 days	No	7,516,932	March 5, 2019
Security Services	Simplified Procedure	11 days	20 days	No	69,522	October 10, 2018
Security Services	Simplified Procedure	12 days	31 days	No	140,000	June 8, 2018
Cleaning Services	Simplified Procedure	12 days	18 days	No	154,815	May 18, 2018
Transportation Services	Simplified Procedure	12 days	70 days	No	444,000 (one FWA signed)	May 10, 2018
Communication Services	Simplified Procedure	14 days	19 days	No	124,814.59 (one FWA signed)	February 1, 2018

ANNEX 6

Budgetary classification of Program Expenditures

Expenditure item	Budget holder	Budget line item - functional	Budget line item - economic	Budget code	Comments
Family medicine services	NHIH	Primary health care	Goods & services	660401200109	
Family medicine cost of services for uninsured	NHIH	Subsidies from state budget	Revenues	42XX00	The line item is on revenues. It has not been created yet. It will be included in the budgetary classification once the primary legislation is approved.
NHIH administration costs	NHIH	Central administration	Personnel expenditure Goods & services	66010010XXXX 66010020XXXX	All expenditure paragraphs associated with the specified codes
Community nurses	MoH	Other institutions and health actions	Transfers from state budget to local budgets for health financing Financing of medical assistance in school health units	665050510145 665050203300	
MoH specialized units running costs (community care, pricing)	MoH	Central administration	Personnel expenditure	66010010XXXX	The expenditure on the specified codes includes more personnel than the one related to community care and pricing. For exact numbers, the budget department of MoH should be approached.
MoH specialized units running costs (HTA)	MoH – National Agency for Medicines and Medical Devices	Other institutions and health actions	Personnel expenditure	66505010XXXX	The expenditure on the specified codes includes more personnel than the one related to HTA. For exact numbers, the budget department of MoH should be approached.

Expenditure item	Budget holder	Budget line item - functional	Budget line item - economic	Budget code	Comments
ONAC running costs	MoF - ONAC	Executive authorities	Personnel expenditure Goods & services	51010310XXXX 51010020XXXX	All expenditure paragraphs associated with the specified codes
Data management integration	MoH	Central administration	Goods & services Non-financial assets	660100200109 660100700103/ 660100700130	The expenditure on the specified codes includes more items than those related to data management. For exact numbers, the budget department of MoH should be approached.
Data management integration	NHIF	Central administration	Goods & services Non-financial assets	660100200109 660100700103/ 660100700130	The expenditure on the specified codes includes more items than those related to data management. For exact numbers, the budget department of NHIF should be approached.
De minimis aid scheme supporting primary health care services	MoH	Central administration	Other transfers	6601005501XX	Line item not created yet until legislation is approved.