

## ***DESCENTRALIZATION IN ROMANIA, VIEWS FOR AND AGAINST***

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*Abstract: The need for administrative - territorial reform of Romania requires that priority both in civil society, academia Romanian society and the public authorities have proposed, as a first step, practical steps on decentralization.*

*Rethinking of administrative - territorial represents an aspect of the reform, reform that can not be implemented effectively on weak local structures with clearly defined roles yet. The main reason for that is considering the possibility of creating larger structures corresponding to the intermediate level of government take the opportunities that would be created in this way to encourage local economic development.*

*The experience of the region and other European countries has demonstrated over time that the regional level is the most appropriate to encourage economic development, which should be a primary consideration in making decisions about public administration reform Having regard to the transition period that Romania is currently experiencing. For several reasons, the current organization of the territory into 42 administrative units proved less effective in addressing economic development.*

*At the same time, the development regions created mainly for this purpose have not been able to demonstrate its viability. On the one hand the experience of spending EU funds proved the absence of a culture of partnership between counties.*

**Keywords:***administrative - territorial reform, decentralization, local., economic development, public administration reform, regions*

### **1. Introduction**

The regions are the most important territorial allocation criteria Structural Funds, the European Union's regional policy is the determinant of the emergence and development of regional statistics statistical areas. In this regard, regional statistics should allow both measuring regional economic situation and substantiation criteria for EU intervention. A pressure factor and targeting processes of regionalization is the EU-wide in recent decades, cohesion policy and regional development. The need to create an institutional framework and a territorial planning instrument for pre-accession funds are used and structural accession, Romania led to a form of regionalization, achieved by setting up eight development regions.

If until 1989, Romania was based on an economic development through industrialization and agricultural cooperatives, after 1989, with the transition from socialism to capitalism, Romania's regional economy has evolved from a highly centralized power domination state to an economy based on private property.

Thus, on 15 July 1998, Romania has taken the first steps in terms of legislation regarding the development and implementation of a regional policy when designing decentralized regional development law approved in 1998, which defined the content of regional development, was created legal support for the establishment and development regions have established national and regional institutional structures for regional

development<sup>1</sup>. Later came the Law no. 315/2004 (which repealed Law 151/1998) - Law on regional development in Romania. The law establishes objectives, institutional framework, specific skills and tools necessary to promote regional development policy. In the near future Romania exceed gap that takes in Europe, bringing public services closer to the people and decisions (European principle of subsidiarity) and using existing resources more efficiently: local resources, government funding and European programs.

Therefore, start the process of regionalization and continuing administrative and financial decentralization were included in the Government Programme 2013-2016, the two most important objectives for the next period (chapter "Development and administration").

The two strands:

- Administrative-territorial reorganization, creating regional institutional framework for better functioning of public administration, and
- Public administration reform through decentralization and simplification of administrative procedures for more efficient public services will be conducted at the same time, through a series of measures supported in particular during 2013<sup>2</sup>.

In the context of public administration reform issues such as administrative-territorial structure rethinking of Romania are made increasingly more concerned especially when it comes to an efficient process of fiscal decentralization and public services. The current division of the territory into 42 counties not only satisfies the necessary efficiency, but it also does not encourage the existence of a relationship between central and local insubordination (as required by law) and does not constitute adequate support for local economic development . An argument for this last assertion is that the European Union has felt the need of construction of larger administrative units (developing regions) to be responsible for managing pre-accession funds allocated for economic and social development.

## **2. The territorial administrative system in Romania.**

A pressure factor and targeting regionalization processes at EU level is represented, in recent decades, cohesion policy and regional development. The need to create an institutional framework and a territorial planning instrument for pre-accession funds are used and structural accession, Romania led to a form of regionalization done by setting the eight regions. The implementation and evaluation of regional development policy is the development regions which are administrative units without legal personality.

Since 2008, according to Law no. 315/2004 on regional development in Romania, in the territorial structure provides data and macro-level, established under the Act establishing statistical nomenclature of territorial units in Romania and the requirements of EC Regulation no. 1059/2003 of the European Parliament and of the Council establishing a common classification of territorial units for statistics - NUTS, published in the Official Journal of the European Union No. L 154/2003.

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<sup>1</sup>Law no. 151/1998 on regional development in Romania , repealed and replaced by Law no. 315/2004 on regional development in Romania , with subsequent modifications

<sup>2</sup> <http://regionalizare.mdrap.ro/2013/04/21/fundamentele-procesului-actual-de-regionalizare-in-romania/>

Macro is the fourth type of regional division established in Romania in 1998. It corresponds to NUTS level divisions of European Union Member States. Macro-regions of Romania (as developing regions) do not have a proper administrative status and its own form of government or administration, they exist only to collect regional statistics. There are four macro in Romania, each consisting in turn of two development regions:

- Macro 1 (includes Northwest and Central)
- Macro 2 (includes Northeast and Southeast)
- Macro 3 (includes South-Muntenia and Bucharest-Ilfov)
- Macro 4 (includes South-West Oltenia and West)

Currently, the National Institute of Statistics uses the following group of counties by region: Northeast Area includes: Bacau, Botosani, Iasi, Neamt, Suceava, Iasi; Southeast Area: Braila, Buzau, Constanta, Galati, Tulcea, Yukon; South Zone: Arges, Calarasi, Dambovita, Giurgiu, Ialomita County, Virginia; South West Area: Dolj, Gorj County, Olt, Valcea; West Zone: Arad, Caras-Severin, Hunedoara County; Northwest Area: Bihor, Bistrita-Nasaud, Cluj, Maramures, Satu Mare, Salaj; Centre Area: Alba, Brasov, Covasna, Harghita, Mures, Sibiu and Bucharest: Ilfov and Bucharest.

Thus were formed at the end of 1998 the 8 development regions of Romania under Law 151/1998 „, by associating freely consented to counties and Bucharest. " Development regions are the result of an agreement between the county and local. The development regions are not administrative-territorial units and are not legal entities representing the implementation and evaluation of development policies.

The eight development regions and counties within their structure at present are:

1. Sud-Vest Oltenia, comprising the districts of Valcea, Olt, Dolj, Mehedinti, Gorj;
2. South Muntenia Region, comprising counties: Calarasi, Prahova, Dambovita, Giurgiu, Virginia, Arges;
3. Southeast Region, comprising counties: Vrancea, Galati, Braila, Tulcea, Constanta, Buzau;
4. Bucharest-Ilfov Region: Bucharest;
5. Central Development Region, comprising the counties of Alba, Mures, Sibiu, Harghita, Covasna, Brasov;
6. West Region, comprising counties: Hunedoara, Caras-Severin, Timis, Arad;
7. Nord-Est, comprising counties: Botosani, Suceava, Iasi, Neamt, Iasi, Bacau;
8. West Region, comprising the counties: Bihor, Cluj, Bistrita-Nasaud, Maramures, Salaj, Satu-Mare.

The 8 regions coordinate regional infrastructure projects and became members of the Committee of the Regions when Romania joined the European Union in 2007.

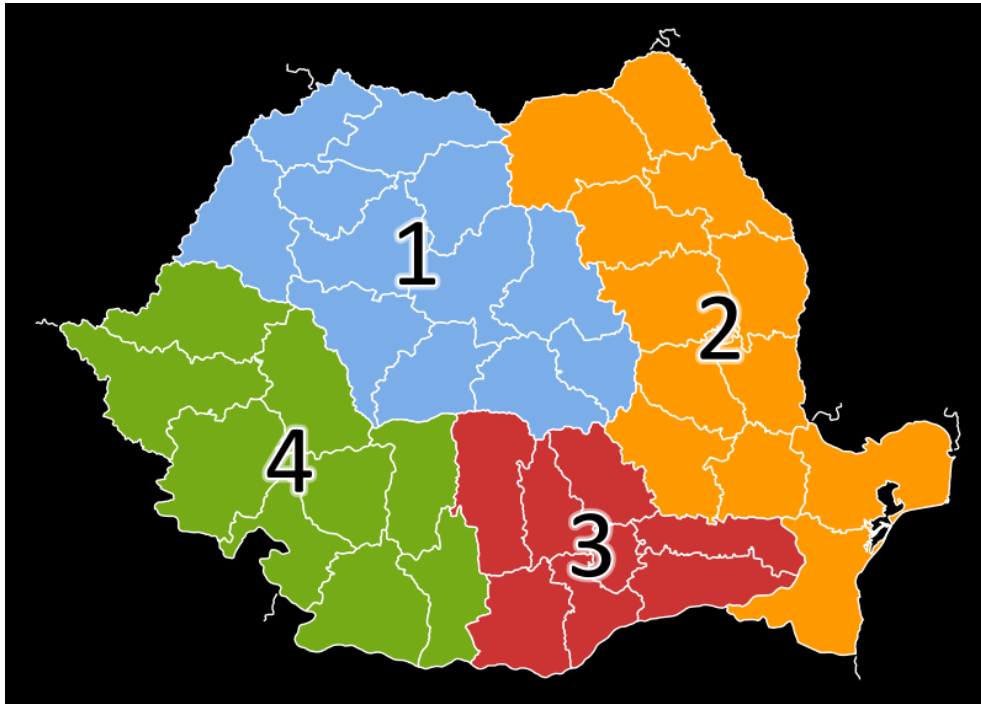


Fig. 1. Map of macro Romania

The eight regions have certain features in terms of their economic structure, which makes certain sectors play a decisive role in their future development. Thus the regional economy of the South (South - East, South - Muntenia, South - West) is influenced by developments in the agricultural sector, the major share holding in those areas, so that in years with unfavorable conditions for agriculture to GDP growth be adversely affected. There are also a potentially important tourist regions (Southern Bucovina area in the North - East coast and the Danube Delta in the South - East), their economic developments are influenced by the level of use of this potential. Another feature is represented by the areas where extractive industries play an important role (Jiu Valley basin in the South - West Oltenia) and whose economy has been affected as a result of the comprehensive restructuring of the mining sector. Territories of the eight development regions are considered NUTS II statistical regions. Territories of the 41 counties and the municipality of Bucharest are considered NUTS 3 statistical regions According to the criteria for the classification of territorial statistical units specified in Regulation 1059/2003, Romania is divided only at NUTS II and III levels.

Romania entered the transition process with a relatively low level of regional disparities compared to other European Union member states. These disparities have grown rapidly, however, and especially between Bucharest-Ilfov region (which includes the capital) and other regions. Inter-regional disparities are relatively small in absolute terms compared to the European Union.

Except for Bucharest-Ilfov region, whose situation in the country's economic landscape is completely special economic growth followed a west-east direction, proximity to western markets acting as a growth factor delivery. Economic growth has a significant geographic, underdeveloped areas concentrated in the Northeast, on the border with Moldova and South along the Danube.



Fig. 2. Map the development regions of Romania

In Romania, the poverty and social exclusion is much higher compared to most Member States of the European Union. Thus our country's population is exposed to poverty and socially excluded with a percentage of 40.3% in 2011 compared to the EU average which has a rate of about 24%.

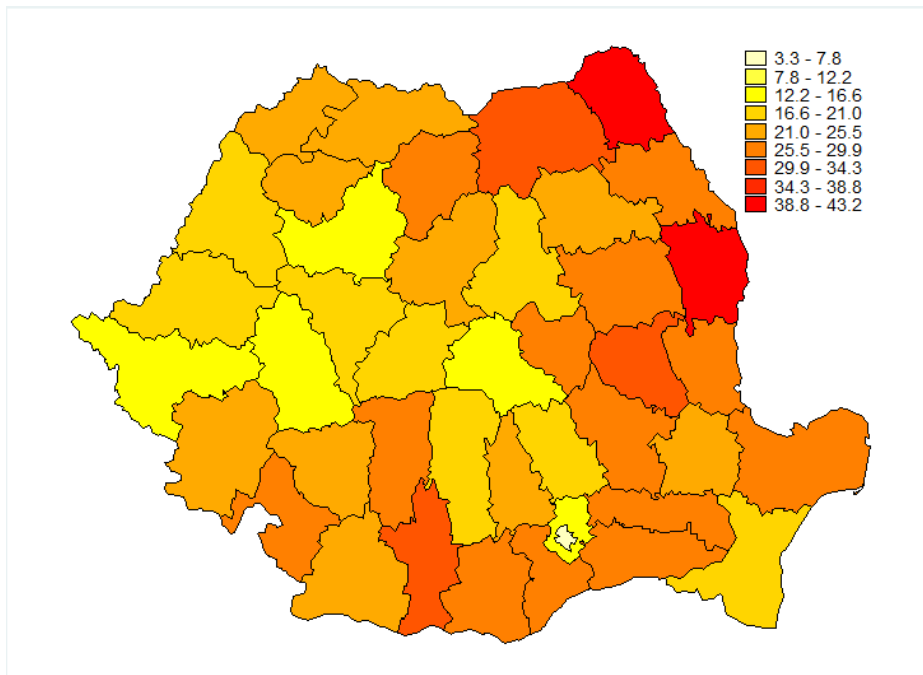


Fig. No.3 risk of poverty rates by counties (NUTS 3)

Source: World Bank staff calculations made based on the Population and Housing Census 2011 and 2011 EU-SILC

In terms of regional disparities in the interpretation of regional analysis finds that regions with the highest rates of people at risk of poverty and social exclusion are the

following regions: North-East, South-West Oltenia Southeast respective South Muntenia, the other end being Western and Bucharest-Ilfov region.

### 3. Critical opinions on the status of regional institutions

Legal status and the constitution of the current development regions are generally contested by all parties, constitute a reason for the lack of efficiency in different ways. Regional Development Agencies NGOs are public. Their institutional organization tends more towards an administration. RDAs are basically between two contradictory tendencies.

On one hand, public institutions are obliged to work on county and local level is not a concern with the necessary seriousness and the Ministry of Development and Prognosis trends to centralization considering that the work would be more effective if these institutions will become decentralized institutions of the Ministry. On the other hand RDAs efforts to achieve independence they need to effectively manage funds beyond the bureaucratic constraints of a genuine public institutions.

There is no indication of which of these two trends will prevail, but different organizational models in the European Union shows that the effectiveness of these institutions is given the high degree of autonomy or even independence they have.

The other regional body, the regional development council has also challenged statute because it allows increased interference in the distribution of political influence EU funds to counties. Although there is an independent review committee (composed of independent experts), important decisions on financing the large investments in the county are the result of negotiation or the imposition of public authorities that make up the county council.

Whatever the outcome of debates on the status of these institutions, it is clear that their current internal construction is transient. Decisions to be taken in this regard must contribute on one hand to streamline activities and, on the other hand to strengthen the role of representing regional interests beyond national orientation time (ADR) or local (CDR).

For a good part of the population and economic actors of social and political moment of crisis, it is considered inappropriate, as territorial development can benefit from the current status of the regions, their development agencies that are considered capable of manage access funds from the European Union.

Obviously, the European Union does not require us to improve the territorial government, on the contrary, we could say that some countries would be interested not only access a small part of the funds. The new incentive instrument, states that fail to attract the money allocated can get through redistribution amounts were not attracted by other states. It is therefore very important that each state to improve tools and internal capacity to absorb all the money incumbent and, if possible, even to benefit from situations like the one described above<sup>3</sup>.

Considering the above and the fact that national development funds spent amplification did not have the benefit, but rather had only very limited effects, we believe that

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<sup>3</sup>Anca Ghinea Adrian Moraru , considerations cause the decentralization process in Romania . Administrative - territorial reform , the Public Policy Institute of Romania (IPP ) , the Open Society Foundation , East East .



this is the best time to achieve a regional administrative building viable and with immediate utility. This should be taken into account:

- Facilitating access to EU funds allocated for the financial year 2014-2020 and increase their absorption capacity at regional level;
- Failure of this framework now would delay the establishment of administrative regions of the EU for the next financial year (at least 8 years!);
- Territorial institutional reconstruction, as regions to hold similar decisional capacity and skills of most European regions;
- Intensification of interregional cooperation on a European scale and the urgent need to include Romanian regions in such networks;
- Romania is the only Member State of the EU average higher dimensions, which has no administrative regions.

#### **4. Views for on the need to strengthen the role of regional institutions**

Without imposing a specific order with the importance of the arguments for the need to create regional administrative framework, we note:

1) After 15 years of development areas could easily notice that their effectiveness was greatly reduced, that defining and implementing their own policies for regional development are very cumbersome.

This situation results from:

- lack of projects with inter-county;
- insufficient resources to co-finance major projects;
- inability interregional differences management and development of interregional cooperation;
- weak direct cooperation with developed regions of the EU, without recourse to central structures;
- associative character - breaking projects funds distributed component counties.

2) financial and economic crisis and social situation tends to accentuate differences - need to optimize decision-making and organizational flows in the territory; the current system underdeveloped counties have fewer opportunities to recover all development gaps, as demonstrated by the evolution of key socio-economic indicators;

3) The low rate of absorption of EU funds - inability counties to support large projects with regional impact;

4) Lack of regional coherence real effects in the counties and localities; for example, missing an intermediate level planning (between county and national level), which reduces the chances of an optimal correlation horizontal (counties) and vertical (national - county);

5) the allocation of EU funds in competitive system maintained and encouraged the identity of the county, in the absence of a superior administrative structures - covering and inter-county cooperation<sup>4</sup>.

The new development context Romania has a well-defined vision continental Europe by strategic documents: EU 2020 and 2020. Their implementation involves the Territorial

<sup>4</sup> <http://regionalizare.mdrap.ro/wp-content/uploads/2013/04/Raport-CONREG-I-final.pdf>

Agenda, objectively, the existence of administrative regions as the basis of territorial decentralization authentic at national.

Meanwhile, standing complication of territorial development process through the intervention of a wide range of stakeholders, especially local and regional supra, makes it impossible to capacity "Center" to manage territorial processes.

Representation of regional interests is a fact that is required in terms of territory and population of Romania. Regional institutions should be considered not only in voice to represent local interests before central authorities, counties having too dispersed power in this respect, and authority counties and helps them meet local issues they cooperate across borders (eg, infrastructure, environment). Reality and perception of other actors indicates that regional institutions do not yet have a solid foundation in the sense that practically fail to fulfill their missions established by law. Most importantly, do not form a unified voice of the counties represented, but rather the impact of projects funded local than regional<sup>5</sup>.

Two aspects are crucial in strengthening the role of these institutions. The first one is the lack of visibility of regional authorities to the public. Although the press began to present topics in this increasingly, people are not really aware of the existence of regional institutions, much less their role. Few are aware of the existence of such development regions. Their promotion is therefore essential for strengthening the regional level. The second aspect which would contribute significantly to strengthening the role of regional institutions such as the allocation of additional powers to the regional level.

In addition to effects on fostering partnership between counties and regional spirit formation regions would allow a real representation of local interests. If such a region would be able and would like to build a road that would generate economic development for the region could do so without requiring the approval of the authorities in Bucharest. The two issues are closely linked, for without proper information of the public opinion can not rethink the Romania's administrative building. If it would be done, remains to be discussed is the best formula territory.

## **5. Law decentralization and legislative and constitutional consequences of administrative-territorial reform in Romania**

Since the public authorities agree on the need for administrative - territorial reform in Romania, it is necessary to initiate a process to amend current legislation in the field. From this point of view political will is the key factor without which reform can not be achieved. It is important that Parliament should have a stronger role in the context of the debate since he is called to adopt the necessary legislation.

A first legislative amendment envisages revision of the Constitution, quite restrictive in its provisions on administrative-territorial. Thus, Article 3 thereof do a review of all existing administrative bearings, hindered the possibility of creating new ones under the law. Changing this article would involve adding the following sentence to the existing text: "... and other forms of administrative-territorial organization that may be established by law". While it

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<sup>5</sup>Anca Ghinea Adrian Moraru , considerations cause the decentralization process in Romania . Administrative - territorial reform , the Public Policy Institute of Romania (IPP ) , the Open Society Foundation , East East



is true that the administration and territorial organization are less dynamic and prone areas of change, it is important to be able reorganization outside constitutional revision.

The laws of the government are following acts whose modification should be considered when initiating reform. Amended many times from the time of first adoption in 1991, the Local Government Act (no. 215/2001) still contains the best solutions on administrative and levels of government related institutions. Review it must be based on a complex analysis process and applied to all aspects require changes . Establishing a new tier of government as review existing assume greater attention to this law.

Apart from this latest legislation, administrative-territorial reform implies a coherent and comprehensive framework for public services. The way they are delimited between different levels of government and the way it is conceived their administration depends on the efficiency of the governance act locally. Currently there is no coherent legislative framework in this area, several laws regulating the disparate fashion, aspects of public services. This is one of the reasons why there is now a clear distinction about the services that are administered at the county level and managed locally.

For the reform to be expected impact is essential to have precise regulations in this regard.

Law no. 189/1998, the governing local public funds should also be reviewed in the context of reform. Whether the solution adopted in the forthcoming period is emphasizing decentralization and rethinking the territorial structure, two directions should be considered. On one hand, fiscal decentralization should continue and be linked to the decentralization of public services and on the other hand is necessary to review the financial equalization system.

For the regional level to become more effective in coordinating and encouraging local economic development in the context of continued development regions, Law 151/1998 on regional development in Romania will also be amended to strengthen existing structures and functions of the change of status of regional institutions which thus become more efficient and regional development policy have a real impact. One objective of these changes must be a better circuit of EU funds allocated to administration and local businesses.

In the context of the need to review legislation were dashed main normative acts in the reform. It is equally important, however, to consider the harmonization of the legislation on the one hand with the other regulations adjacent, on the other hand with the recommendations of international organizations active in the field.

## **6. Factors considered for territorial administrative reform**

When will begin administrative territorial reform should be analyzed every item that must take into account both factors typical of socio-economic and elements more closely related to constitutional law and government.

Administrative territorial reform options for the development of regions with legal personality in the context of the purpose of efficient absorption of EU funds must consider the following factors:

Administrative law and political factors:

- legally constitutional reform;
- division of roles and duties central / regional / local level;

- electoral system and parliamentary structure;
- regional decision-making capacity regarding the programming of funds.

Institutional cooperation must be one of the defining characteristics of regional development.

This means that participants in the regional economic development working closer both vertically between different levels of government, and horizontally, between various agents acting within the same region or locality.

Constitutional system, after reviewing the 1991 Constitution declares art. 120, as public administration in territorial-administrative units is based on three principles: decentralization, local autonomy and the deconcentration of public services. Relationships exist between local authorities that are based on principles of autonomy, legality and cooperation between them. (Law no. 215/2001 on local public administration).

Economic and geographical characteristics of the territory

• geomorphological structure - characterization of natural resources and land management issues;

- Equipping territory;
- Structure of local production;
- Presence networks - clusters, poles of competitiveness, growth poles.

Mobilizing existing natural resources in a region, is one of the essential factors for economic, social and territorial thereof and involves a high degree of collaboration between companies and an adequate involvement of a wide range of public and private organizations.

This can be achieved by initiating and building partnerships. Implementation of resources, depending on the specific regional, in a strategic and innovative enterprises can work regionally in the creation of joint projects.

Culture and Society:

- Ethnographic and cultural affiliation of the population;
- The demographic characteristics;
- Population Movement and territorial interactions (labor mobility and family ties between neighboring territories);
- Existence of cultural poles / university.

For the implementation of cultural projects unit requires public institutions collaborating with cultural stakeholders, academia and civil society. Technical feasibility, economic and social reforms:

- The economic costs associated variants reform;
- costs in terms of lost jobs or any opportunity to create new jobs;
- Costs in electoral terms: public perception of political decisions;
- Estimated degree of improvement in absorption.

Finally, an important aspect will be the technical feasibility, economic and social reforms such or cost-benefit development of structures, however, administrative, more or less in

November.

An optimal absorption of external financial resources for the region can be achieved by developing suitable projects, focusing partners and also by managing public initiatives in a more effective and beneficial for the region.

A very important role in the development of EU-funded projects in the regions plays Regional Development Agencies with expertise in the management of EU funds. An important advantage is that in each region there is one pole of growth through its development entails the development area of influence - Metropolitan Area.

## **7. Conclusions**

In 2014, trying to build a large national project on regionalization has failed, on the one hand due to the collapse of the ruling political alliance, on the other hand, due to the extremely simplistic vision of the actors involved in the process. The debate on regionalization, as long as there was rather centered around political projections and responded to concerns about the influence of the various parties and groups sharing in local government. Not incidentally, conflicting issues were limited to the number of regions, capitals and their possible mechanisms of choice of regional management structures. It all culminated in the outbreak of controversy strictly local interests, such as jurisdiction over ports or the police.

We have, until now, a realistic analysis of the consequences of decentralization in Romania, which takes 20 years. It is a positive process without which, for example, developing cities like Sibiu, which I led, would not have occurred. But these positive developments were linear across the Romanians. In many places, financial decentralization meant inequality of development rather than harmonization at regional or national level.

Each variant analysis should take into account both factors typical of socio-economic development and closely related elements of constitutional law and government, elements that should facilitate the strengthening of the latter may be established and proper functioning. The administrative reorganization requires an extensive training program, analysis, debates and political consensus. For the reform to be successful and produce imbalances in public life should first be created and strengthened institutions that will manage future structure to meet the new challenges on financial and administrative autonomy, transferring powers from national to regional level, national and European funds management.

Keeping current structure 8 regions is an advantage because it works for over 14 years and are very familiar with working mechanisms and because the Regional Development Agencies with expertise in managing European funded projects.

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