

ASPECTS REGARDING DECENTRALIZATION

PROCESS IN ROMANIA.

THE ADMINISTRATIVE-TERRITORIAL REFORM



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The study "Aspects regarding decentralization process in Romania. The administrative-territorial reform" was drafted by the Institute for Public Policies (IPP) and financed by the Foundation for an Open Society, East - East Program.

We thank to all those who contributed with suggestions and opinions to this material:

Vasile Silvian Ciuperca - Deputy, Commission for Public Administration, Chamber of Deputies

Viorel Coifan - Deputy, Commission for Public Administration, Chamber of Deputies

Marin Cojoc - General Director, The Department for Synthesis of Budgetary Policies, Ministry of Finance

Viorel Cristea, General Secretary, Ministry for Public Administration

Vlad Rosca - former Minister Secretary of State, Department for Local Public Administration, Government of Romania

Perla Simion - Adviser, Ministry for Public Administration

Elena Simina Tanasescu - Task Manager-JHA, Delegation of the European Commission in Bucharest

We also like to thank Professor Cristian Parvulescu for his guidance and support given during this project.

Authors:

Anca Ghinea

Adrian Moraru



Institute for Public Policy
Bucharest

Institute for Public Policies (IPP), Bucharest
57 Unirii blvd., E4 building, 4th Entrance, 92 suit
Sector 3, Bucharest
Tel: (+ 4 021) 302 9520
Tel/fax: (+ 4 021) 320 7490
e-mail: ipp@go.ro

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INTRODUCTION

In the context of the administrative reform, aspects such as rethinking the administrative-territorial organization of Romania are brought more and more into discussion especially when talking about an efficient financial and public services decentralization. The current division into 42 counties (judete) neither meets the necessary efficiency criteria nor does it encourage the existence of a non-subordination relation between local and central authorities (as prescribed by the law) or constitute an appropriate support for local economic development. An argument for this statement is the fact that European Union (EU) felt the need to create larger administrative units (development regions) to be responsible for managing the EU pre-accession funds allocated for the economic and social development.

The efficiency of the development regions, which were created as a direct result of the compromise reached in 1997 by EU and the Romanian government, is widely questioned; a proof is given by the failures of the regional development policies, not able to achieve the objectives of reducing the development imbalances, stimulating economic development, encouraging the partnerships and the regional spirit. The causes of such failures lay, on one hand, in their lack of power (limited competencies and weak regional institutions) and on the other hand in the way the 8 regions were delimited without a thorough research based on the analysis of relevant figures; the outcome were regions including counties without any interests or common profile.

Starting from these critical points, various national and international actors find it timely the opening of a debate about Romania's administrative reform. The observations to the impact the creation of a new government level would have on Romania from the political, economic and social standpoints are generally critical. The university community together with NGO's recently opened debates about the issue, presenting pro and against regionalization arguments. Civil society, represented by think-tanks working on the issue of public administration is one of the voices that questions the viability of the current regions and proposes both new delimitation criteria and the rethinking of their status and responsibilities.

The decision to create the regions requests a set of measures, starting with the revision of the current legal framework including the Constitution and continuing with appropriate campaigns to inform public opinion about the reasons behind the decision and the consequences of its implementation. This is a process involving various actors, which can be completed only after implementing several different stages.

The political context of the debate is of great importance for the decision making process in this context. The decision must be the result of a consensus reached at the level of the political class about the necessity of the reform and its main directions, on one hand, and the result of a process of consultation with civil society and other affected or involved groups, on the other hand. At the same time, it is necessary to take into account the recommendations of EU institutions that although do not impose any model can propose viable solutions based on the experience gained in time on different areas.

Equally important for the decision-making process must be the previous analysis and documentation, exploration of as many viable alternatives as possible both about the territorial internal divisions and the conception of the responsibilities of the newly created structures. This is exactly the purpose of this study, which insists on the possible delimitation criteria and aspects of financial and public services decentralization. The outcome must be strong autonomous local communities, able to possess the necessary tools and capacity to encourage local development in all its aspects.

TERMINOLOGY

The novelty of the regionalization issue in Romania imposes clear conceptual delimitations in order to appropriately understand the issue and formulate alternatives and recommendations.

European institutions define differently the term **region**. European Council defines the region as "an interval of medium dimensions able to be geographically determined and considered to be homogeneous". On the other hand EU defines the region rather from administrative standpoint as "immediately inferior level after the state level". According to NUTS, which identifies administrative and territorial units according to territory dimension there are: locality level, county level and regional level. Europe's Regions Assembly (ARE) defined the regions as "political entities of inferior level to the state that have some competencies exerted by a government that is responsible to a democratically elected body."

In light of these definitions, Romania presents a paradoxical situation: While according to ARE definition the county is a region meaning it has a county council (body elected by universal suffrage), whose president exerts executive tasks at the county level, according to the definition given by the EU, the county is a smaller territorial unit comparable with NUTS 3 and the 8 development regions, although they are compatible according to this definition, they are not regions according to the European Council definition.

The law doctrine establishes a classification of different types of regions¹:

- **Political regions**, parts of a state that are situated exactly between federal states and unitary states, with competencies in legislation and executive powers but with a judiciary system only at the level of the central state (Spain, Italy)
- **Incorporated regions** - a result of the establishment of a unitary state by joining together several states that keep a certain level of individuality (Great Britain, which is evolving towards federalization)
- **Diversified regions** with regional frameworks established not only according to territorial and political criteria but also to other criteria, such as language and culture (Belgium before its transformation into a federal state)

¹ G.Vedel quoted by Elena Simina Tanasescu, *Regionalization in Romania and its legal implications*, material presented within the seminary "Implications of establishing regions in Romania", Sept.2002

- **Classical administrative regions** created through decentralization as local autonomous territorial units from the administrative standpoint (France)
- **Functional regions** created by deconcentration, as simple constituencies of the central state administration (Greece)
- **Regions by cooperation** as institutionalized forms of cooperation between local territorial units (Romania).

Another conceptual delimitation in this context refers to the terms of regionalization and regionalism. The **regionalization** represents the setting up of a new level of governance in the state territorial structure along with the creation of regional institutions and transfer of administrative competencies to regional level. **Regionalism**, on the other hand assumes that a region is defined by a group of human cultural and linguistic characteristics that justify the creation of a political body to be recognized and having a more or less extended autonomy. It represents the awareness of some common interests and local communities aspirations to manage these interests. In fact, the delimitation between the two concepts is given by two different approaches: while in the case of regionalization is a top-bottom approach, central authorities initiating and implementing the process, regionalism starts from bottom to top, being initiated by local communities and promoted by these to the central level.

The administrative-territorial reform also involves a series of definitions regarding not only territorial aspects but also administrative and the exert of competencies. One of the most important is the delimitation between the terms of administrative decentralization and deconcentration. **Administrative deconcentration**, as a way of organizing and functioning of the public administration is not based on promotion of local interests, but of decreasing the concentration of the executive power. The fundamental idea of deconcentrated organization is making sure central public authority accomplish its duties through its own agents set up on territorial principles. Thus, externalized ministry services at the county level exert the duties of the ministries in whose subordination they work, having a territorial competency limited to that of the administrative unit on whose structure it was created. However, organization and functioning of these services does not exclude the promotion of local interests, only that this objective is not fundamental but secondary. **Decentralization** is the system based on the recognition of the local interest different by the national one, each community having organization and functioning structures and its own patrimony in order to reach the local interest. The base of decentralization is twofold: political and administrative. From the political standpoint decentralization is the expression “of the democracy applied to administration”, guaranteeing a system in which citizens participate in the management of the local agenda through local elected bodies. The political ground of decentralization is recognized by the European Chart of Local Autonomy, which considers decentralization one of the democratic principles

common to Europe. From the administrative standpoint, decentralization contains the idea that bodies elected by local communities are most likely to understand local needs and to make necessary decisions in order to satisfy those needs.

REGIONAL DEVELOPMENT POLICY IN ROMANIA

1. The current regional construction

Once a regional development policy in Romania was initiated and implemented and starting with the delimitation of development regions, the necessary institutions to coordinate this policy were established. Their main role was, besides conceiving and implementing a regional development strategy, the management of the European non-reimbursable funds. Thus, EU pays a special attention to these institutions.

After the adoption of the "Green Chart of Regional Development" (1997), Romania is divided into 8 development regions formed by formal association agreements between 4-6 counties (**Annex 3** - Development Regions Delimitation, issued in 1998). The development region is neither a distinct territorial community nor a deconcentrated institution of state administration. At the same time it has no legal personality. The criteria that were taken into account at the moment of regions set up were geographical proximity and the existence of economical and social discrepancies between them that would be overcome through the implementation of the regional policy. At the level of every region there are two institutions involved - a Regional Development Agency (executive authority) and a regional development council (deliberative authority). The National Council for Regional Development is responsible for decision making process in what concerns regional policy at national level and the Ministry for Development and Prognosis (MDP), fulfills the executive tasks. Regional development law (nr.151/1998) establishes the institutional framework, principles, objective, jurisdiction and specific tools necessary for the implementation of regional development policies (**Annex 2** - Tasks of institutions with competencies in regional development policy).

2. Controversies regarding regional institutions' status

All actors involved generally question both the legal status and the delimitation of current development regions, which are considered to be a reason for the lack of efficiency in many aspects. Regional development agencies are NGO's of public utility. Their institutional organization tends more towards a structure of the administration. The agencies find themselves between two contradictory tendencies. On one hand, as public institutions they have to collaborate with at the county and local level do not look at them with the necessary seriousness and the Ministry for Development and Prognosis shows tendencies of centralization, arguing that activities would be more efficient if these institutions would become decentralized institutions of the ministry. On the other hand the agencies work to get the independence they need in order to efficiently

administer their funds behind buyrocratic compulsions of a real public institution. There is no clue about which of the two tendencies will prevail, but different organization patterns in the EU prove that the efficiency of these institutions is given by a high level of autonomy or even by the independence they get.

The other regional institution, the regional development council, has a similar questioned status because it allows an increased interference of political influences in the allocation of the European non-reimbursable funds to counties. Although there is an independent assessment committee (formed out of independent experts), important decisions about financing large investments in the counties are either the result of negotiation or impose by county public authorities that constitute the council.

Regardless of the result of the debates on the status of these institutions, it is obvious that their current internal construction is transitory. Decisions to be made in that sense must contribute on one hand to the efficiency of the activities and on the other hand to the strengthening of their role in representing regional interests, overcoming the orientation towards national interests (RDA) or the local ones (RDC).

3. The need to strengthen the role of regional institutions

Representing regional interests is a fact required by territorial and population conditions of Romania. Regional institutions should be both the voice to represent local interests in the relation with central authorities, as counties possess a too more dispersed power from this standpoint, but also the authority that unites the counties and help them to co-operate at the local level in problems that overcome their boundaries (ex. infrastructure, environment)

The reality and the perception of the other institutions involved show that regional institutions still lack a solid base in the sense hence they don't succeed practically to achieve the objectives provided by the law. Most important, they don't constitute a unitary voice of the counties represented, consequently the impact of financed projects is rather local than regional.

Two aspects are decisive in strengthening the role of these institutions. The first one refers to the lack of visibility of regional authorities. Although mass media began to debate more often subjects in this sense, citizens are not really informed about the existence of regional institutions, let alone about their role. Few people have knowledge of development regions. Their promotion is indispensable for strengthening the role of the regions. The second aspect that essentially contributes to the strengthening of the role of regional institutions would be the allocation of supplementary competencies. Besides the effects in encouraging the partnership between counties and building a regional spirit, regions would offer the possibility of a real representation of local interests. If, for

example, a region would have the possibility and would like to build a route that would generate economic development for the region they could do it without first getting the approval of the authorities in Bucharest. The aspects mentioned above are closely related, as without appropriate and correct information of public opinion there can be no rethinking of administrative construction of Romania. In the event the regionalization would happen, it remains to be discussed which is the best model of territorial division.

LEGISLATIVE AND CONSTITUTIONAL IMPLICATIONS OF THE ADMINISTRATIVE - TERRITORIAL REFORM

Starting with the moment public authorities agree on the necessity of administrative-territorial reform in Romania it is necessary a process of modification of the current legislation in the field becomes necessary. From this standpoint, the political will is the essential factor without which the reform cannot be accomplished. Thus, it is important for the Parliament to have a more strengthened role in the context of the debate taking into account its primary role in passing the necessary legislation.

The first legislative modification that should be considered is the revision of the **Constitution**, rather restrictive about the administrative-territorial division. Thus, art.3 presents all administrative levels, denying the possibility to create new ones according to ordinary laws. The modification of this article would request the addition of the following statement to the already existing phrase: "...*other forms of territorial-administrative organization that can be created in base of the law.*" Although it is true that administration and territorial organization are less dynamic or liable to change domains, it is important to exist the possibility of reorganization without Constitution revision.

The laws on **public administration** are the following laws whose modification must be taken into account when starting the reform: several times modified from its adoption in 1991, Local Public Administration Law (nr.215/2001) does not include the best solutions related to the administrative organization and the institutions that correspond to this levels of government. The revision must be based on a complex analysis process and applied to all aspects that require modifications. The creation of a new government level, as well as the revision of the existing ones, implies a closer attention paid to this law.

Apart from this law, administrative-territorial reform implies the existences of a coherent and complete framework for the **public services** domain regulating the way they are delimited between different levels of governing. Currently, there is no coherent legislative framework in this domain as there are several laws regulating aspects related to public services. This is one of the reasons there is no clear-cut delimitation about services that are administered at the county level and those that are managed at local level. In order for the reform to reach its objectives it is necessary to have clear regulations of public services.

The law 189/1998, regulating **local public finances** must also be revisited in the context of the reform. No matter if the solution adopted in the near future is the strengthening of the decentralization process or rethinking of the territorial organization, two directions must be taken into account. On one hand, the fiscal

decentralization must go on and be correlated with the decentralization process of the public services and on the other hand it is necessary to rethink the system of financial equalization.

In order to have a more efficient regional level in the coordination and encouragement of local economic development, in the context of maintaining the development regions, **Law 151/1998 regarding regional development in Romania** must also be modified in the sense of strengthening the prerogatives of current structures and the modification of the status of the regional institutions, so that they become more efficient in the context of a local development policy with a real impact. One of the objectives of these modifications must be a better circuit of the non-reimbursable European funds allocated to local public administration and companies.

Within the framework of revising the legislation the main laws to be revised were mentioned. At the same time, equally important is to take into account the harmonizing the legislation on one hand, and on the other hand to make it compatible with the recommendations of the international institutions in the domain.

ACTORS AND STAGES IN THE REGIONALIZATION PROCESS

The knowledge of the countries that experienced similar processes shows that such decision requires the implication of actors at every government level. The process will involve role and competencies modifications for public authorities that must be informed in this sense, on one hand, and their awareness about the necessity of the change, on the other hand.

Regardless of the way the reform was initiated (from bottom to the top or vice versa) central authorities play the fundamental role in adopting and implementing the necessary measures. The role of the Parliament in the context of the debate should increase considering its implication in the reform process is inevitable, as there is no real process without passing the legislation. After finishing the regionalization process, the role of the central authorities would considerably diminish, being involved only in big processes that have to do with the regional level, such as supporting them with co-financing.

Regarding the current regional authorities or future ones, it is important to be aware of the role they will have mainly in encouraging economic development. That is way the establishment and maintenance of a solid relation with the business community in the region must be one of the main objectives. Association on current development processes is a solution in that sense.

Maybe the best attention during the process is to be paid to county authorities that must be adequately informed on all implications of the regionalization. Besides, their implication in activities adjacent to the process would be a measure aiming not only to a better knowledge and awareness of the change but useful for the process itself.

In the new context of the regionalization local communities must be the involved in a greater measure. The most part of the services will be decentralized on the local level according to the principle of subsidiary. Of equal importance like in the case of regional authorities is the maintenance of a strong relation with local business community.

NGO's can play multiple roles from the point of view of their contribution in the reform process. On one hand, they can develop information campaigns for the public opinion especially about issues less accessible or sensitive. At the same time, their contribution can be extremely important for local and regional business administration by leasing of those services that can be better administered this way.

Once agreed on the necessity of the implication of all involved actors, one way or another, it is necessary the conception of concrete steps, but especially realistic ones, in the development of the regionalization process. The experience of countries like Poland and Bulgaria can be summed up in four main stages:

- I. The existence of a minimum consensus of the political class about the necessity of the process first, then the existence of a minimum consensus about the objectives and the way the process can be implemented.
- II. Support from European institutions that work in the field is extremely important. Although they don't impose models, their recommendations can be extremely useful, same as the technical support they can give
- III. After the political consensus is reached, a stage that cannot be avoided is represented by the practical discussions at experts level involving politicians, about technical aspects such as: delimitation of competencies or criteria for territorial delimitation.
- IV. Once the direction of the reform are set, a campaign for the education of local political leaders must be conducted. For instance, a possible solution is that adopted in Bulgaria were local leaders were sent to France and Germany to major in the field, aside from the training sessions held in the country.

ALTERNATIVES FOR THE ADMINISTRATIVE-TERRITORIAL DELIMITATION OF ROMANIA

In order to select the best solution for the directions of the administrative-territorial reform it is important to conceive more viable alternatives, using criteria and indicator combinations closely analyzed by specialists in the field. The topic of territorial delimitation allows such an analysis. It is also important to mention that experts must exclusively discuss the topics without involving the public opinion. This chapter contains several alternatives that can be taken into account within the context of the current reform.

1. Maintaining the current territorial division into 42 counties (including Bucharest Municipality) and the development regions

The main criticism of the current system refers to the lack of concordance between the territorial-administrative division and statistics data such as territorial surface and population. More precisely, taking into account that regions are not administrative units and their population and surface are big, the division into 42 counties (with a dispersed and non-representative) is inefficient for local development.

On the other hand, one of the main reasons for the inefficiency of the current development regions lies in their artificial construction, as they are delimited on indicators and criteria questionable from several standpoints. Firstly, it is necessary to mention that while drafting their delimitation their cultural identity wasn't amongst the references taken into account. This caused a weak ability of the regions to encourage partnerships between counties and hence the regional spirit. Taking into account public opinion's reaction, the actors holding decision power avoided to create the new administrative units on the model of the historical regions. It is true that at the time public opinion was not ready; however, in order for the regions to effectively work an increased importance should have been paid to cultural references.

At the same time, another objective pursued in the construction of the regions was the existence of a balance between the level of development of the counties, assuming a leveling would be achieved through compensation. In turn, what really happened was the maintenance of helped-mentality of the counties less developed while the developed ones were discouraged; the result was a deepening of the differences between the two kinds. A more adequate approach would have been to allocate the state the responsibility of regional equalization, allowing the developed regions to thrive without being hindered by the others. In the long run this solution would have attracted more funds not only to the regional budgets but also to the state budget.

Although it is true that in what concerns the statistics both the system for collecting data and data processing must be improved, many criticisms can be made of the indicators used in delimiting the 8 regions. Thus, while in the EU as much as 100 indicators are used within the context of regional development policy, in 1997 only 17 such indicators were used in the configuration of the global development indicator¹.

The quality of the indicators used is also questioned. On one hand, although one of the main objectives behind the creation of the regions was the encouragement of economic development and decrease of the development imbalances, only two out of the 17 indicators are strictly economic (unemployment and GDP). Even more, for the GDP there weren't data for each county but GDP was calculated on the basis of the parity of the purchasing power, using a conversion factor resulting from bilateral comparison between Romania and Austria and that affects the level of accuracy of data correspondent to this indicator². Another example is the use as reference indicator for education of the percentage of the population of 12 years and older with more than primary education level, while more relevant for determining the level of education would be the percentage of the population of 18 that has graduated high school.

Besides all this criticism that points out that development regions delimitation was rather a political compromise than the result of a thorough analysis and exploration of as many alternatives as possible, it must be highlighted at the same time that there is no consistency in following the development indicators on regions, fact that suggests the absence of a real strategy in the field. Thus, basic documents framed for the regional development operate with different indicators; it is the case of the first report on regional disparities in Romania³, Green Chart of Regional Development and National Development Plan drafted on basis of the regional development plans.

2. A delimitation of the development regions based on different criteria

Another alternative while considering the regional construction of Romania is maintaining delimitation principles similar to those of the development regions, followed by a new association of the counties in regions. Firstly, this alternative would require a more thorough analysis of the indicators to be taken into account when delimiting regions. In that sense the accent would fall on economic, infrastructure and population indicators. Secondly, intraregional equalization would not be emphasized in formulating criteria to group the counties but the degree to which the potential of the counties allows the development of common

¹ see Green Chart of Regional Development, Romanian Government and the European Commission, Bucarest, 1997, p.8

² Ibidem, p.82

³ Regional disparities in Romania, 1990-1994, Ramboll Consultancy Group, Bucharest, 1996

and unitary policies. Basic principles in this case would be complementarity and functionality.

3. Cultural identity - main criteria in delimiting the regions

Considering that counties with similar cultural identity are more willing to accept a regional association, on one hand, and more likely to develop common partnerships, economic and social programs, on the other hand, a third model of territorial delimitation would assume taking into account cultural areas. Arguments in favor of this option are the relevancy cultural boundaries can have in processes such as privatization or problems such as unemployment or poverty, assuming territorial units with similar traits in the demographic structures and phenomena or similar social, cultural, environment or residential traits possess the same configuration of dominant value orientations. It also must be stressed that self-identity is the outcome of long economic processes developed within their boundaries. Territorial delimitation in this case is to be done on historical regions: Moldova, Muntenia, Dobrogea, Oltenia, Transylvania Crisana-Maramures, Banat and Bucharest.¹ (**Annex 4** - Cultural areas according to grounds in sociology)

4. Reshaping current counties

A fourth territorial delimitation alternative implies shaping regions after reshaping current counties on basis of a thorough analysis at the level of localities. Indicators to be taken into account in this alternative are similar to those mentioned in the second one stressing common traits that can unite and favor collaboration. Indicators should not be unitary for all the territory. Examples of such modifications are: association in a county of an industrial area (ex. Valea Jiului or industrial areas such as Prahova, Dambovita, Arges) or association of the districts Ialomita and Calarasi as they used to be, considering they have similar interests and economic profile.

Important for the decision to rethink the territorial division is framing of as much as possible alternatives based on different indicators combinations in order to fundament the decision making process. The result must not be necessarily a unitary delimitation model, as it was already mentioned. One of the above mentioned alternatives could be chosen or a combination of them. In a specific area cultural identity traits are predominant while in others it can be the economic potential. An aggregation approach can prove to be better than a disintegration of areas of economic potential or deficit. This concept of asymmetric definition of the development regions is a counterweigh of the theory of leveling the regions delimited in order to reduce discrepancies between regions. Through this

¹ see Dumitru Sandu, *Sociology of Transition. Values and social types in Romania*, Staff Publishing House, Bucharest, 1996, p. 229-230

concept, if it is accompanied by a clever delimitation, a transfer of the positive and negative aspects from the national to the regional level can be obtained. Researches/statistics showed that regardless of the form of regionalization and efforts for an efficient development policy, there is rather a tendency to increase the discrepancies rather than to decrease them. That is precisely why the best way to level the differences is regional equalization.

Regardless of the method, the final decision must respect the followings:

- Analysis must begin with a set of indicators as complete as possible so that the characteristics of each area be taken into account as accurate as possible
- Debate among independent specialists
- Previous consultation of involved local public authorities
- Presentation (made by experts) of potential models for a political option in the intermediary stage
- Formal consultation of county councils about the final model
- Explanation/public debate on the process of regionalization
- Adoption of the new type of administrative-territorial organization.

THE DECENTRALIZATION PROCESS IN THE CONTEXT OF THE ADMINISTRATIVE-TERRITORIAL REFORM

Regardless of the model of territorial delimitation and of the administrative organization of Romania, decentralization must remain a central aim of the public administration reform. Until now, through the measures taken in that sense, central public authorities have broken essential principles, which specialists of the domain attribute to an efficient and correct decentralization process. The most important of them is the existence of a correlation between public services decentralization according to the principle of subsidiarity and fiscal decentralization, so that the process doesn't become a burden for local communities but to achieve the final objective to assure the local authorities the possibility to offer citizens quality services.

1. Continuing the decentralization process to current counties

Even if the territorial reform would not be achieved, the decentralization to current counties will have not only to continue but also to be rethought. One of the greatest challenges now is the legal framework, still confuse and ambiguous, fact that causes uncertainties and disfunctionalities at the level of local administration, county or local one. Currently, there are several laws regulating public services and there isn't a unitary framework to integrate them.

Besides the aspects mentioned above it must be stated that there is no clear legal delimitation between public services managed by counties and those managed by local communities. Sometimes they overlap causing conflicts and major disfunctionalities. Another ambiguity stimulated by the current legal framework refers to the ambiguous difference regarding the responsibilities allocated exclusively to county authorities and those delegated or divided. The ambiguity about whom and in what limits administers county or local public services affects local government efficiency and further permits political influences in public administration.

This last aspect is more obvious at the moment of correlating services decentralization and public finances decentralization. While in the field of services central authorities tend to transfer as many responsibilities during a short period of time, in what concerns the finances there is no clear decentralization strategy. Consequently, resources allocated currently to county authorities are insufficient and this affects the quality of the services.

Because counties represent the intermediary level of government in Romania, the immediately following step that central authorities can make without major consequences, is to really strengthen their autonomy through transferring

increasing power, while respecting the principle of subsidiarity. This power is transposed in the transfer of all responsibilities that can be better administered at the county level in parallel with an increasing rate of the divided revenues of the state budget allocated to local authorities. In this context, the number and the role of the decentralized services of the central public administration must diminish.

In conclusion, the strengthening of the role of the counties should begin with the modification of the Law of Local Public Administration (nr.215/2001) and Law of local public finances (nr.189/1998)

2. Delimitation of the competencies on government levels in the context of the creation of regions

In the event actors holding decision power consider the creation of regions, no matter their status (administrative regions or with elected public authorities) they can exercise prerogatives that match to a small degree the existing government levels, given the surface and the population of Romania. We are talking about services such as regional infrastructure, environment protection, and certain parts of the health and education services, regional planning and especially regional economic development.

Although both administrative regions and political regions can manage the services, the latter proved to be more efficient as it possesses the necessary means (finances, autonomy, elected authorities). We will offer further a possible delimitation of competencies model between different levels of government including the central level, generally competent in the law making process and national strategy. Part of the responsibilities stipulated is divided between different levels of government and others are administered at one single level.

3. Financial decentralization in the context of the reform

The reform directions for the local public administration or territory organization cannot be set up without taking into account the financial implications, as reflected in the structure of the budget on each government level. On one hand the process of services decentralization is closely related to the financial tools decentralization and on the other hand without fiscal decentralization there is no real autonomy for local communities irrespective of the level. The setting up of a new administrative level involves not only the drafting of the regional budget but also the reform of certain aspects of the local budget such as the equalization process or decentralization of fiscal revenues.

In order to make a thorough analysis of the budgetary implications there are two important elements that should be taken into account. One of them is the ability of local communities to produce revenues, either own revenues or their

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Services	Local level	County level	Regional level	National level
1. Public authorities				
Authority office	L	C	R	
Other public offices	L	C	R	
Local police	L	C	R	
Firefighters	L			
Civil defense	C		R	N
2. Education				
Preschool	L			
Primary	L			
High school	L	C		
Technical	L			
University			R	N
3. Health				
Basic medical assistance	L			
Medical protection	L	C	R	N
Hospitals		C	R	
Public health	L	C	R	N
4. Culture, sport				
Theaters	L	C	R	N
Museums	L	C	R	N
Libraries	L	C	R	N
Parks				
Sports, leisure	L	C	R	
5. Social assistance				
Crèche	L			
Old age hostels		C	R	
Services for old age and people with disabilities	L	C		
Special social services	L	C		
Social housing	L			
Unemployment		C	R	N
6. Public utilities				
Water Supply	L			
Sewerage	L			
Electricity		C	R	
Gas supply	L			
Heating	L			
7. Environment, waste management				
Waste collect	L			
Waste deposit	L			
Street cleaning	L			
Environment protection	L	C	R	N
Natural disasters			R	N
8. Public transportation				
Roads	L	C	R	N
Public lighting	L			
Public transportation	L			
9. Urban development				
Urban planning	L			
Regional planning		C	R	
Local economic develop.	L			
Regional economic develop.			R	
Tourism	L		R	
Land register		C		N

contributions to the state budget. Another important aspect refers to what remains on the local level from the revenues collected as well as the way the budgetary equalization is made.

One of the direct implications that must be taken into account is the context the regional level creates for a real financial autonomy. This lays both in the power of transfer that is strengthening in the context of regionalization but also in a better dispersion of the regional budgetary revenues.

Another principle that must ground the budgets draft within the framework of the administrative-territorial reform is the preeminence of the stimulative principle over the solidarity principle. Taken as reference in the drafting process of the system of budgetary equalization, the application of the solidarity principle rather deepened the intraregional imbalances, failing to stimulate poor regions in intensifying the efforts to increase revenues, on one hand, and deepening potential dissatisfactions of the developed regions regarding the proportion between what they contribute and what they receive in terms of funds after the budgetary equalization process.

At the same time, the simplification of the equalization process and the reducing of the number of actors involved are necessary. From this standpoint the equalization of the local communities budgets should not be any more a prerogative of the county authorities, allowing local communities to have a direct communication channel with the Minister of Finances. In this way the legal provisions are respected in what concern the non-subordination relation that exists between different levels of government. The existence of regional budgets for the coordination and stimulation of economic development would encourage at the same time local development strategies that will become complementary rather than competitive, as it happens now. The development regions proved to be inefficient from this standpoint, because regional strategies are not a synthesis of the strategies of the associated counties, because the two programmatic papers are drafted and implemented separately.

CONCLUSIONS

The necessity of Romania's administrative territorial reform became a fact accepted both by the civil society, the academic environment of the Romanian society, but also by the public authorities who intend, in a first stage, to adopt certain concrete measures regarding the decentralization process.

Rethinking the administrative territorial structure represents an aspect of this reform, reform that cannot be efficiently implemented on weak local structures having roles still unclearly defined. The main reason, for which it is taken into consideration the possibility of creating bigger structures corresponding to the intermediate level of ruling, depends on the opportunities which may be created in this way for encouraging the development of the local economy. The experience of the states in the region and also of other states in Europe proved along the time the fact that the regional level represents the most suitable frame for encouraging the economic development, objective which should be a priority in the process of taking decisions regarding the reform of the public administration considering the period of transition Romania is currently going through.

For many reasons, the current structure of the territory made up of 42 counties proved to be less efficient in approaching the aspects of the economic development. In the same time, the development regions created mainly for this purpose did not succeed in proving their viability. On one hand, the experience of spending the non-reimbursable European funds proved the lack of the culture of the partnership between counties. From this point of view the counties have a rather competition like approach, entering the competition ones against the others over small grants and a less co-operation like approach in the partnerships which could bring them considerable material advantages. On the other hand, the county authorities did not find the best formulas of involving the local business environment in the economic development. Encouraging the public private partnership must represent an important objective of the public authorities in general. While the Government can only be responsible for the national strategic expenses, the authorities situated on the other ruling levels must intensify their efforts in order to use at its best the capital available in the private sector. From this point of view the coordination provided by the regional level represents a solution for the existent situation.

Another problem which does not only emphasize the weaknesses of the current system but also proves the necessity of the reform of the intermediate ruling level, refers to the weak coordination existent between the strategic documents of the counties and development regions. The regional strategies do not represent an analysis and a synthesis of the strategies of the counties which

compose the regions, the two documents being independently drafted and implemented, fact which creates dysfunctions, blocking often, producing negative effects over the efficiency of the local development. The lack of coordination between the programmatic documents and a unitary strategy can be noticed also at the national level where there is no consistency in following the used development indicators and no harmonization of the provided measures.

The complexity and importance of a subject as the one regarding the administrative territorial reform impose the existence of a deep preliminary documentation concentrated on the practical implications that such a decision supposes. In Romania there is currently a series of researches and studies regarding the regionalization but which are drafted on different domains of specialization without harmonizing on matters, which can only be looked at in a concerted manner. There are no synthesis documents, which should approach the aspects linked to the implications of the regionalization from multiple perspectives.

A special discussion is the one concerning the territorial delimitation of the regional entities, which can be created or reshaped. Two recommendations are imposed from this point of view. First of all this discussion should be the experts' privilege, who should make a deep analysis of the indicators criteria and types on which the territorial delimitation should be based, the exploration of as many viable alternatives as possible in this respect. The reasons of the decision in this case must be the result of a scientific approach and are not recommended to become the subject of a public debate. On the other side, it is necessary to elaborate a complex analysis regarding the opportunity of a lop-sided approach of the regionalization at the country level.

Beyond the reasons and conditions of the regionalization process, which can be determined by the contribution of the civil society and the academic environment, the attitude of the political class towards the process is important. First of all it is essential that this one should be determined as to the emphasizing and speeding the decentralization process. Depending on this aspect it can be established the measure in which the central authorities are willing to transfer power (competence and sufficient resources) to the local plan. If this will exists, then the solution is to consolidate the role of the regional level both by the regions dimensions and also by increasing the attributions of these ones.

In order for the regionalization process to be started and to have the expected efficiency, a sine qua non condition is the existence of a minimal political consensus regarding its initiation. It can be noticed in this case that the political parties have not expressed any position regarding the regionalization yet there are only isolated initiatives of some members of Parliament. The existence of the consensus is ever more important as the regionalization process implies ample legislative modifications which go up to the reviewing the Constitution. The

opinions expressed in this sense support the necessity of completing Article 3 so that it could give the possibility of setting up other forms of administrative territorial structure (besides the ones already provided: commune, town, municipality, county) based on the law. Moreover, important laws, which settle the structure of the public administration and the system of local public finances, must be modified in this context.

In the same time, it is necessary to involve the intellectuals and experts who had preoccupations in the domain and who can thus support in a considerable way the research activity and also the process of taking decisions itself. It is very important for a success in this domain to obtain the support and involvement of the county political actors, the ones who are directly aimed at, during the inevitable transformations, which will take place. Thus, it is necessary the existence of a preliminary period preparing the regionalization process which should be concretized in appropriately informing not only the public opinion, but also the local and county leaders who will have to adjust to a new model of local ruling.

Considering the fact that the debate starts to have national dimensions, the step, which is recommended in a first stage, is the setting up of a **Forum for Regionalization** made up by the representatives of the political class at the central and local level, of the academic environment and the non-governmental organizations. Only after it is thus made up a consensus regarding the necessity of the regional administrative level, the territorial delimitation, the splitting of competence and status of the regional institutions, there can be initiated the other stages necessary to the regionalization process. The result of the debates and adopted measures must be powerful and autonomous local communities who, besides exerting the attributions they have, should have the necessary instruments and capacity to encourage the local development under all its aspects.

ANNEX 1

THEORETICAL MODELS OF REGIONALIZATION

I. Regions are endowed with the power to pass primary legislation, whose existence is guaranteed by the constitution or a federal agreement and which can not be interrogated against there will.

1. Competencies

Regions have the power to pass primary legislation in the areas of their competency. These competencies are provided by the Constitution. Regions can have the power to pass secondary legislation within the framework of primary legislation passed by the national parliament. Regions can have delegated powers to pass laws. In exercising their powers regions have the possibility to consider their characteristics.

2. Institutions

The regions that correspond to this model have a legislative body elected through direct universal suffrage. This institutional body passes procedure regulations and freely organizes its activity. The regions have an executive structure (members elected or appointed), carrying responsibility. Regional elected representatives must be able to freely exercise their functions. They receive a salary. They enjoy immunity comparable to that of the national parliament members.

3. Finances

Resources of the regions came from taxes and other sources. Regions join a system of equalization in cooperation with the state. Regions receive fund transfers from the state (grants) for specific projects or needs (earmarked funds), for general operational purposes (non earmarked funds), for covering the cost of fulfilling the delegated functions.

II. Regions endowed with the power to pass primary legislation and whose existence is not guaranteed by the Constitution or a federal agreement

1. Competencies

The regions can pass laws in fields in which the state does not possess exclusive competency. They can exercise powers delegated by the state.

2. Institutions

The regions have a legislative body (regional assembly) elected through direct universal suffrage. The executive is accountable to the regional assembly. Regional representatives can enjoy certain immunity and guarantee rights in exercising their function.

3. Finances

Resources of the regions came from non-earmarked funds from the state, state revenues from taxes (exclusively targeted to the regions), revenues from taxes (established by the regions). There is no financial equalization system for the regions. However in drafting funds allocated to the regions, indicators of population and economic development are taken into account. Regions receive earmarked or non-earmarked grants from the state.

III. Regions endowed with the power to pass legislation according with the framework established by the national legislation and whose existence is guaranteed by the constitution.

1. Competencies

The regions have their own competencies, provided by the Constitution or national law, as well as competencies delegated by the state. They exercise their competencies both through legislation and regulations.

2. Institutions

The regions have a legislative body elected through direct universal suffrage. The executive is accountable to the regional assembly. The law stipulates incompatibilities between the offices of elected representatives or regional executives and other elected offices or certain professions.

3. Finances

Resources of the regions came from percentage or added figure (established by the regions) to certain taxes or revenues collected by the state and from regional taxes. Equalization vertical systems are available for the regions. Regions receive allocations general or earmarked for specific objectives (allocated to support the cost for the implementation of the delegated tasks).

IV. Regions endowed with power to pass laws and/or other legislative

regional acts, according to the framework establish by the national legislation and whose existence is not guaranteed by the Constitution

1. Competencies

The regions have their own competencies, provided by the law, as well as competencies delegated by the state. The exercise of their legislative competencies can be regulated by the state legislation.

2. Institutions

The regions have a legislative body elected through direct universal suffrage. The legislative body adopts its own procedure rules. Regional executive is formed out of members elected fully or partially by the regional assembly, and it is accountable to that assembly. Regional elected representatives can enjoy legal protection, guarantees in exercising their functions as well as remunerations or allocations. Their positions can be incompatible with other elected positions.

3. Finances

The regions cannot collect own taxes. Regional resources come from: non-earmarked funds from the central government, targeted funds for specific projects or policies, a certain percentage of certain national taxes, revenues from the regional companies. Regions can benefit from the system of financial equalization or special procedures for financing if they face regional economic and social disparities. They also receive earmarked or non earmarked grants.

V. Regions endowed with decision power (without legislative power) and councils directly elected by the population

1. Competencies

The regions have decision and regulating power, without having legislative power in implementing the competencies they possess. Their areas of competency are stipulated by the Constitution and/or national legislation. Regions can have powers delegated to them by central authorities. They also can share, on the basis of an agreement, some powers with central authorities.

2. Institutions

The regions have a deliberative body elected through universal suffrage. They also have distinct executive institutions that are completely or

partially elected by the deliberative body. Regional elected representatives receive salaries.

3. Finances

The regions have their own resources that come (inter alia) from taxes and other fiscal revenues. They benefit from an equalization system according to the law. They can get earmarked or non-earmarked grants.

VI. Regions endowed with decision power (without legislative power) that have councils elected by local authorities.

1. Competencies

All region powers are delegated powers. They can be delegated by the central government or by local authorities. The regions don't have legislative powers. Regional powers are based on national legislation and government decrees. Regions have the freedom to adapt the exercise of their competencies to specific conditions.

2. Institutions

The deliberative bodies are not established by direct universal suffrage. They are elected/appointed by local authorities. Regions have an executive accountable to the deliberative body.

3. Finances

Regions can have their own resources but they cannot collect taxes. They benefit from a financial equalization system in cooperation with the state. Financial allocations to the regions are mostly general grants and they are earmarked only in specific cases.

ANNEX 2

TASKS OF THE INSTITUTIONS ENDOWED WITH COMPETENCIES IN REGIONAL DEVELOPMENT POLICY

Regional Development Agency

- It drafts and proposes to the Regional Development Council, for the approval, the regional development strategy, regional development programs and funds administration plans;
- It implements regional development programs and funds administration plans, according to the decisions adopted by the Regional Development Council;
- It identifies the poorest areas within the development region, together with local and county councils, and presents the necessary documentations, previously approved by the Regional Development Council, to the Ministry for Development and Prognosis and to the National Council for Regional Development;
- It assures technical assistance, together with local or county councils, to individuals or legal persons, with state or private capital, which invest in poor areas;
- It presents to the Ministry for Development and Prognosis financing proposals for the development projects that have been approved from the National Fund for Regional Development;
- It raises funds for the fund for regional development policy;
- It administers the Fund for Regional Development in order to achieve the objectives provided in the regional development programs;
- It is accountable to the Regional Development Council and other institutions of audit and financial control.

Regional Development Council

- It analyses and approves the strategy and the programs for regional development;
- It approves the regional development projects;
- It presents to the National Council for Regional Development proposals for the resources of the Fund for Regional Development;
- It approves the criteria, priorities, allocation and destination of the resources of the;
- It supervises the spending of the funds allocated to the agencies for regional development from the National Fund for Regional Development;
- It supervises the achievement of the regional objectives;

Ministry for Development and Prognosis

- It drafts the national strategy for regional development and the national program for regional development;
- It drafts the principles, criteria, priorities and the way financial resources are distributed through the National Fund for Regional Development;
- It proposes to the National Council for Regional Development the revenues and expenditures of the National Fund for Regional Development;
- It assures the financial and technical management of the National Fund for Regional Development;
- It promotes various forms of cooperation between counties, municipalities, towns and communes;
- It assures the assistance of the Regional Development Councils in the process of institutional construction;
- It proposes to the National Council for Regional Development the nomination of certain areas as poor areas in order to get economic and financial support through tools specific to the regional development policy;
- It plays the role of national negotiator in the relations with the Regional Policy and Cohesion Office of the European Commission for the European Fund for Regional Development and the Cohesion Fund;
- It manages the funds allocated to Romania from the European Fund for Regional Development;
- It administers the funds allocated to Romania from the Cohesion Fund;
- It coordinates the implementation of the national plan of regional development, which is the basis of the negotiations with the European Commission and for the financing for different community programs.

National Council for Regional Development

- It approves the national strategy for regional development and the national program for regional development;
- It presents to the government the proposals for the revenues and expenditures of the National Fund for Regional Development;
- It approves the criteria, the priorities and the way financial resources are distributed for National Fund for Regional Development;
- It supervises the spending of the funds allocated to Regional Development Agencies from the National Fund for Regional Development;
- It approves the spending of the structural funds allocated to Romania by the European Commission during pre-accession period, as well as the structural funds after joining EU;
- It supervises the achievement of the regional development objectives, including the framework of external cooperation activities of the development regions, (transborder, intraregional and cooperation within euroregions).

ANNEX 3
MODELS OF ADMINISTRATIVE - TERRITORIAL
ORGANIZATION AT REGIONAL LEVEL (CENTRAL AND
SOUTH - EASTERN EUROPE)

BULGARIA

Surface of the territory	110910 km ²
Population	7621337 inhabitants
Existence of the regional level In the legislation	The existence in the regions is stipulated in the Constitution
Administrative organization of the state	Bulgaria is divided into 28 regions and 262 municipalities (the latter include towns and rural communities)
Existence of the council at the regional level	There is no regional council elected through direct suffrage. The regions are administrated by a governor appointed by the government.
Executive power	Governors together with regional administration
Financing resources	The entire regional budget consists in subventions from the state budget.

POLAND

Surface of the territory	322576 km ²
Population	38.620.000 inhabitants
Existence of the regional level in the legislation	Parliamentary bill from 24 July 1988 regarding state organization on three government levels.
Administrative organization of the state	Poland is divided into 16 regions (voivodships), districts, (Powiat) and municipalities (gmina)

Existence of the council at the regional level	There are regional councils (elected through direct suffrage) and councils of the districts (elected through direct suffrage). Elections were held on October 11, 1998. Regional councils can pass legislation that must be in accordance with the national legislation.
Executive power	Executive power of the regional level is represented by a governor appointed by the central government. He represents and is controlled by a marshal elected by the regional council.
Administrative competencies regional level	The administrative competencies are exercised through normative acts issued even by the governors of the regions within the limits established by the current legal framework.
Financial resources	The entire regional budget consists in subventions from the state budget.
State control over the regions	There are two control bodies: Ministry of Local Administration and Chief Board of Supervision (parliamentary control institution)

HUNGARY

Surface of the territory	90.030 km ²
Population	10.212.300 inhabitants
Existence of the regional level in the legislation	The Constitution does not stipulate the existence of the regional level. The regional level (correspondent to the counties in this case) is recognized by the law on local development (1994).
Administrative organization the state	The territory of the Republic of Hungary is divided into 21 counties, 3.200 local communities (towns and municipalities). Hungary's capitals, like other municipalities, are divided into districts.

Existence of the council at the regional level	There is a council of the county. Its members are elected according to proportional representation, through direct, equal and secret suffrage; voters elect lists of candidates. The council has no legislative competencies.
Administrative competencies of the regional level	All counties have binding responsibilities and optional responsibilities .
Financial resources	Counties revenues come from taxes, own revenues, transfers from the state budget (the criteria used is the population of the county).
State control over the regions	It is stipulated within the Constitution. Constitutional control-The Constitutional Court Financial control- Audit Court Legal control - offices of public administration set up at county level

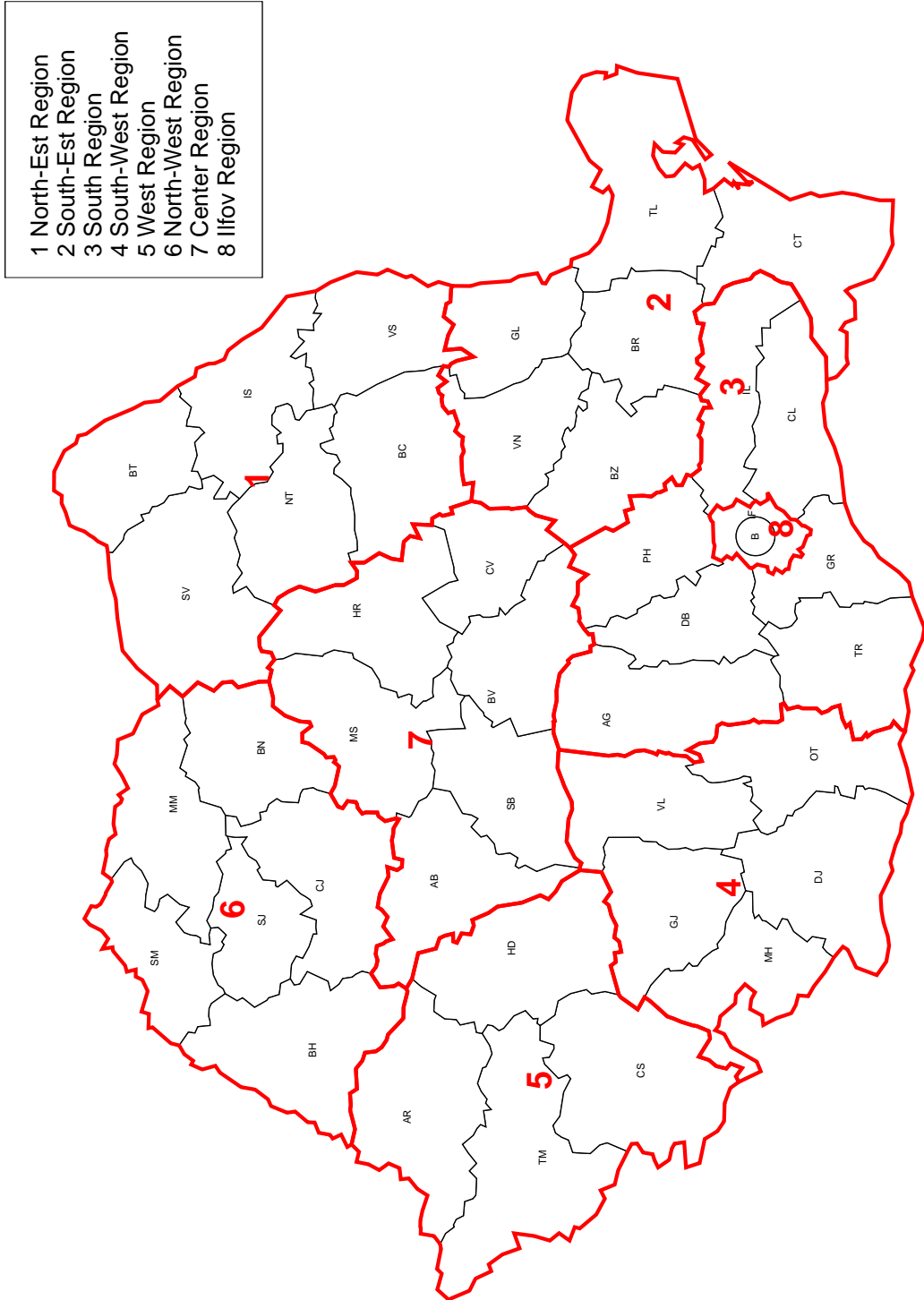
VOIVODINA

A special case is represented by The Autonomous Province of Voivodina, which marks another type of region than those presented above in the context of unitary states.

The 1990 Constitution of the Republic of Serbia, still valid, attributes to Voivodina normative and executive autonomy in domains such as : economy, social and demographic planning, environment protection, social assistance, child protection, culture, science, education, official use of the language, etc.

According to legal provisions Voivodina can independently establish its own institutions as well as the appointment of the officials. At the same time the autonomous region can establish its own public revenues. Although this aspects are provided by the Constitution, in practice the results are not visible yet, thus recently a reform process was initiated.

ANNEX 4
DELIMITATION OF THE DEVELOPMENT REGIONS
established in 1998



ANNEX 5
CULTURAL AREAS
according to sociological literature

