

REALITIES AND PERSPECTIVES ON REGIONAL DEVELOPMENT IN ROMANIA

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Abstract

To ensure a continuous comfort to all the members of a local community we necessarily need local development. In this sense, to achieve this objective, national and local authorities, in close connection, must seek and find the most appropriate means.

Regionalization – i.e. the new reorganization of the country - may be one of these means, meant to contribute, through local development, to both the desirable and necessary balanced development of Romania. Being a long, complex and highly sensitive process, regionalization should consider the historical conditions of Romania, the experience of other countries, as well as the EU directives in this area.

This paper presents a brief history of the steps required for the regionalization of Romania and analyzes various theoretical and practical issues arising from the specific laws and our current realities.

Keywords: regionalization, reorganization, reform, administration, local development

1. Introduction

Ensuring citizens' social comfort must be a permanent concern of any government at any level. To overcome the gap between Romania and Europe and based on the current administrative-territorial organization, we should necessarily seek new ways and forms of action to bring public services and decisions closer to the citizens (in accordance with the European Principle of Subsidiarity¹) and to make a more efficient use of the existing resources: local resources, government funding and European programs.

Regionalization – i.e. the new reorganization of the country - may be one of these means, together with the financial and administrative decentralization, which are important targets for the next period, as described by the Government's Programme 2013-2016, in the Chapter for "Development and Administration". In fact, based on the current administrative-territorial organization of the country (Figure 1) and the current levels of public administration in Romania (Figure 2), one could note that the central government is exercised functionally by the Government, ministries, governmental institutions and autonomous authorities who coordinate the decentralized structures at the county level, without any regional intermediary structures. To this end, eight development regions were established: South Muntenia; South - East Dobrogea; North East; North West; West; South – West - Oltenia; Centre and Bucharest – Ilfov.

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¹ The European principle of subsidiarity is enshrined by Article 5 of the Treaty on the European Union – together with the principles of proportionality - and assumes that "in areas not within its exclusive competence, the Union shall act only if and insofar as the objectives of the proposed action cannot be sufficiently achieved Member States nor the central level or at regional and local level, but the scale and effects of the proposed action, be better achieved at Union level".

Figure 1. Romania's territorial – administrative organization

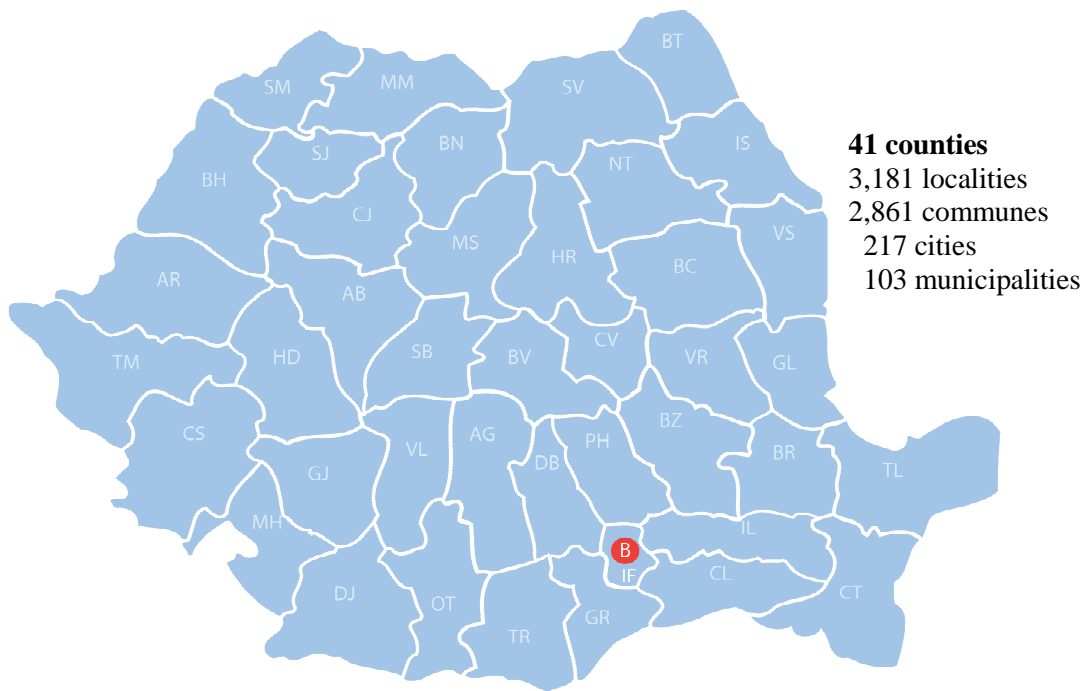


Figure 2. Levels of public administration in Romania

Central administration



Government of Romania

Ministries, Government institutions and autonomous authorities



Decentralized structures at the county level



The prospects of the integration into the European Union generated a number of actions to access the pre-accession EU funds, thus raising concerns for regional policy, as follows:

- ✓ **1996** – for the PHARE program, the regional development policy began to be shaped;
- ✓ **1998** – The legal framework for regional development policy was established by *Law 151 on regional development* that sets the national policy objectives, the institutions involved, the skills and tools to promote regional development policy, further supplemented by a series of ordinances, resolutions, etc.;

✓ **2002** – Negotiations for Chapter 21 – *Regional policy* opened and established the criteria to be met by Romania towards becoming a EU member and being eligible for structural funds;

✓ **2004** – The Law 315 on Regional Development has been adopted.

Under the provisions of Law 315, the **development region** is the area for the development, implementation and evaluation of regional development policies, as well as the framework for specific statistical data collection. Development regions are constituted by the voluntary association of neighboring counties, without being territorial administrative units or having legal personality. Today, regions are formed on the basis of the existing EU system for territorial units, i.e. the NUTS classification, having the characteristics of NUTS II regions. Counties and/ or municipalities in the counties that are part of different regions may be associated in order to achieve objectives of common interest.

2. The Regional Development Policy in Romania

Regional development policy can be defined as a set of government measures aimed at sustaining economic growth and improving living conditions through efficient use of regional and local resources.

Regional development – also called the Economic and Social Cohesion Policy - is one of the fundamental objectives of the EU defined in the Treaty on the Functioning of the EU (Title XVIII) as follows: cohesion is necessary to promote an overall harmonious development, the general objective consisting of reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions or islands, including rural areas.

Moreover, the importance of regional development is also recognized by the “Territorial Agenda of the European Union 2020 – Towards an Inclusive, Smart and Sustainable Europe of Regions” (2011) which states: “we believe that the objectives of the Europe 2020 Strategy for smart, sustainable and inclusive growth” (EC COM, 2010) can only be achieved if the territorial dimension of the strategy is taken into account, as development opportunities of the different regions vary”.

In its “Government Programme 2013-2016” (2013), the Romanian Government considers the concepts promoted by the Territorial Agenda in the chapter devoted to “Development and Management” and set two goals: (1) to reorganize the current administrative-territorial structure, by creating the institutional framework for the functioning of the administrative-territorial regions and (2) to continue the public administration reform, with emphasis on local autonomy, by triggering a real decentralization process based on the principle of subsidiarity. According to this document, regional development policy objectives can be defined as follows:

- ❖ Reduction of existing regional disparities, with an emphasis on fostering a balanced development and on the revitalization the regions with delayed development, while preventing the creation of new imbalances.

- ❖ Preparing the institutional framework to meet the criteria for integration into the EU structures and to access the Structural and Cohesion Funds.

- ❖ Integration of sectoral policies at regional and stimulation of inter-regional (domestic and international) cooperation for economic and social sustainable development.

A number of principles are underlying the development and implementation of regional development policy, namely: the principle of the *decentralization of decision making*, from the central to the regional level; the *partnership* principle, through the creation and promotion of partnerships between all actors involved in the regional development; the principle of *planning*, in order to achieve the objectives; and the principle of *co-financing*, that means the mandatory financial contribution of the various actors involved in the projects

and programs of regional development, which must be achieved in practice by adopting measures and strategies and by funding projects through various programs.

Regional development policy in Romania is based on a number of key documents, namely the **National Development Strategy** and its implementation tool – the **National Development Plan** (PND, 2005), developed on the basis of the eight **Regional Development Plans**. At the same time, the regional and sectoral **Operational Programmes** (OP) are in line with these documents and describe seven major axes for regional development in Romania, as follows:

1. Increasing the economic competitiveness in the productive and service sector;
2. Improving and developing the infrastructure;
3. Developing human resources, labor capability and social services;
4. Supporting agriculture and rural development;
5. Environment protection;
6. Stimulating scientific research, technological development, innovation, ICTs and the creation of the information society;
7. Improving the economic structure of the regions, while supporting a balanced and sustainable regional development.

3. The Institutional Framework for Regional Development Policy in Romania

In line with the provisions of Law 315/2004, the main decision-making and executive bodies for the implementation of regional development policy in Romania are the **Regional Development Council** (RDC), **Regional Development Agencies** (RDAs), the **Regional Committee** for the development of Regional Development Plans and the **National Regional Development Council** (NDRC). At the same time, the Ministry of European Integration and Inter-institutional Committee for the development of the National Development Program have also specific tasks related to regional development.

The **Regional Development Council (RDC)** is regional deliberative body without legal personality, which is constituted and operates on the principles of regional partnership development, in order to coordinate and monitor the development activities arising from regional development policies. The RDC reviews and approves the strategy and regional development programs; supports the development of the National Development Plan; approves the regional development projects, selected at the regional level; approves the criteria, priorities and resource allocation of the Regional Development Fund; coordinates and supports the development regional partnerships; approves contracts, conventions, agreements, protocols and other similar documents signed by the Regional Development Agency with third parties, including similar institutions in the European Union.

The **Regional Development Agency (RDA)** is a non-profit, non-governmental body of public utility with legal personality, operating in the specific field of regional development and whose main duties concern:

- a. to develop and propose to the Regional Development Council for approval the regional development strategy, programs and funds' management plans;
- b. to ensure the implementation of regional development programs and plans for managing the funds being responsible for their implementation;
- c. to require the national institution responsible for regional development money from the National Fund for Regional Development, in order to finance the development projects approved;
- d. to cooperate with the Regional Development Council to attract resources in order to fulfill its duties;
- e. to provide technical and financial management of the Regional Development Fund, in order to achieve the objectives of the regional development programs;

f. to be responsible towards the Regional Development Council, the national institutions bodies authorized by law for the proper management of the funds;

g. to submit for approval to the Regional Development Council the selected projects from the regional development programs based on the priorities, criteria and methodology developed by the national institution responsible for regional development

The **Regional Committee for the development of Regional Development Plans** is composed of representatives of the RDAs, Prefectures, County Councils, decentralized services of central public institutions, higher education institutions, research institutes and representatives of the economic and social partners. Its role is purely consultative and consists of making recommendations and proposals for the National Development Programme.

The **National Regional Development Council (NDRC)** is the national decision-making structure for the development and implementation of regional development objectives, whose attributions are related to:

a. approve the national strategy for regional development and the National Plan for regional development;

b. approve the criteria and priorities for the use of the National Fund for Regional Development;

c. submit for approval to the Government the priority programs financed by the National Fund for Regional Development;

d. review the use of funds allocated to the regional development agencies from the National Fund for Regional Development;

e. approve the allocation method of funds for regional development allocated to Romania by the European Union in the pre-accession period;

f. follow the achievement of the regional development objectives, within the framework of the external cooperation activities of the development regions, of international, cross-border type, at the level of Euroregions;

g. approve the projects proposed by the regional development agencies and approved by the Regional Development Council for funding of programs for regional development.

The **Ministry of European Integration (MEI)** is a specialized body of the central public administration, subordinated to the Government, that endorse the national responsibility of developing, promoting, coordinating, managing, implementing and monitoring policies and strategies for regional development in Romania, as well as the economic and social cohesion programs. Its tasks are related to:

a. establish and coordinate the preparation of accession to the European Union;

b. ensure the compatibility and consistency with the EU framework of governmental actions for development, restructuring and reform;

c. ensure the development, coordination and monitoring of implementation of regional development policies;

d. summarize the information on the use of EU funds and propose measures to improve funds' absorption;

e. develop programs to support regions to acquire the means necessary to restructure, modernize and develop.

Finally, the **Inter-institutional Committee for the National Development Plan** includes the representatives of the ministries, the RDAs, other central public institutions, research institutes, higher education institutions and representatives of economic and social partners, having a purely advisory role.

4. Arguments For Romania's Territorial Reorganization

First of all desires, the ultimate goals of regionalization are to optimize the planning functions and the management of resources, as well as to ensure territorial cohesion and good governance. This way, the regionalization must have as a final purpose the delimitation of spatial entities *with systemic properties*. This can be achieved by necessarily taking into account the defining attributes of the territory, which became mandatory criteria of regionalization, such as:

- gravity (natural and anthropogenic) to growth poles or development axes;
- the existence of a support base for sustainable development consisting of diversified soil and subsoil resources;
- internal optimal fluency of weight vectors, energy, property and interests;
- high capacity for innovation and innovation spillovers;
- favorable relations with neighboring spatial entities (derived from the geographical position, but also form a good connectivity already in place);
- a well established mental space (Cocean P., 2013).

Romania's current territorial organization has a number of shortcomings related, on the one hand, to the lack of regional representative bodies and the centralization of decisions and, on the other hand, to the weak correlation between sectoral and regional strategies. From this perspective, the process of regionalization can bring a number of advantages, such as a better coordination of regional development strategies, pooling the technical expertise at the regional level, prioritizing projects according to local needs etc.

To trigger the regionalization process in Romania, an appropriate organizational framework was created by *the Memorandum on the measures needed to start the process of regionalization - decentralization in Romania*, approved by the Government in February 19, 2013. Thus, a strategic **Advisory Council for Regionalization** was established in order to propose the future profile of territorial-administrative regions, with three levels of expertise:

- The *Academic Working Group* integrates 10 personalities from universities and academia - to provide the necessary expertise for outlining the profile of future regions;
- The *Working Group* consists of representatives of Parliament, political parties, local governors, associative structures of local authorities (UNCJR, AMR, AOR, ACOR) that have to formulate proposals based on the work of the Academic Working Group;
- The *Civil Society Working Group* is composed of representatives of major employers, unions and non-governmental organizations, having the role to ensure specific expertise and to advance different solutions. At the same time, this group provides a proper frame for public consultation, in order to complete and substantiate the suggested solutions.

To start the process of drafting the legal framework needed to establish the new administrative roles at all levels, an **Inter-Ministerial Technical Committee for Regionalisation-Decentralization** was established that includes representatives from ministries, with the role of ensuring the coordination of the decentralization process.

Thus, in defining regions, efforts will be channeled towards:

- analyzing the results and the prospects of current development regions;
- drafting a study of the impact of regionalization form an economic, administrative, sociological, cultural, historical etc. point of view;
- establishing the criteria and drafting the new "administrative map";
- correlating the regional strategies with the National and the European development strategy;
- prioritizing the regional development projects within a "master" framework;
- developing criteria and establishing the new administrative regional structures/centers.

5. Conclusions: Preconditions for a Successful Regionalization

The successful implementation of the administrative-territorial reorganization of Romania still depends on many factors, including:

- ❖ The prevalence of sound - officially confirmed - economic arguments and avoidance, as much as possible, of compromises and concessions;
- ❖ The establishment of a growth strategy that will bring the current weaker economically counties to a higher level and not vice-versa;
- ❖ Taking into account the point of view of business and abandoning the local patriotism unsupported by facts;
- ❖ Capitalizing the current economic profile and the best representation of each county in the current region;
- ❖ Considering other geographical groupings to the current ones, even by changing the current number of regions, depending on common projects and shared interests.

In this context, we should highlight the opinion of the former Minister of European funds, Leonard Orban, that: “if policymakers decide to change the number of regions (...) they need to know very clearly that at least half a year we won’t be able to use the European funds”. This assertion is supported by the argument that there are several other constraints coming from the European level, one of them being that the *new* statistical process will only be completed in 2015, thus generating a high risk for the attraction of European funds for at least one year and a half.

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