

## Romania

### *Self-rule*

#### INSTITUTIONAL DEPTH AND POLICY SCOPE

Romania has two tiers of intermediate governance: *judete* (counties) and *regiuni de dezvoltare* (development regions).<sup>1</sup>

*Judete* have a long pedigree that goes back to the fourteenth century but their functions and boundaries have changed many times. The current boundaries date from 1968, when *judete* were reintroduced under Ceaușescu to replace the Soviet-style administrative model imposed after the Second World War. As in most communist countries the party seized control of the *judete* to consolidate its hold (Illner 1997). The violent revolution of December 1989 erased the old governance system though the territorial borders of the *judete* survived.

The 1991 constitution established the principles of *judet* self-government and decentralization of public services (C 1991, Art. 121). *Judete* double as institutions of self-governance and central state agents, a legacy of the nineteenth century when the Napoleonic administrative model was imported. They are governed by a directly elected council with a chairman who is selected by the council. Each *judet* also has a prefect, appointed by the central government (C 1991, Art. 122; Coman et al. 2001; Law No. 340/ 2004). *Judete* have broad-ranging policy competences encompassing regional transport, social assistance, the environment, secondary education, and regional planning. However, they exert these competences under the supervision of a centrally appointed prefect (*prefect*) who checks the legality of *judete* and local acts and oversees deconcentrated state services (Council of Europe: Romania 1999, 2002, 2009, 2014; Law No. 69/1991, Art. 59; and No. 215/2001, Art. 104). The prefect implements central government laws covering public order, agriculture, health, education, culture, environment, employment, and social welfare (Council of Europe: Romania 1999, 2009, 2011; Profiroiu, Profiroiu, and Szabo 2017: 355–362). A framework decentralization law adopted in 2006 aimed to give more discretion to *judete* but council decisions still need prior approval from the prefect (Law No. 67/ 2004; Nikolov 2006: 11).

Regional reform is regularly debated in Romania but very few reforms have been implemented (Council of Europe: Romania 2011, 2014) in part because out of fear that more regional authority may invigorate regionalism and may lead to separatism (Benedek and Bajtalan 2015; Dragoman

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<sup>1</sup> Since 2001, the capital city of Bucharest and eleven so-called ‘first rank cities’ (i.e. ‘municipalities of national importance with potential influence at European level’) may establish an intermunicipal association within a metropolitan zone (*zone metropolitane*) with neighboring municipalities within a distance of up to 30 kilometer (Law No. 351/2001, Annex I). These intermunicipal associations for economic development are voluntary organizations established by private law. They manage EU funds in close collaboration with regional development agencies which are the executive agents for *regiuni de dezvoltare* (Council of Europe: Romania 2014; Hinteș and Neamțu 2014; Law No. 351/2001, Art. 7; Popescu 2008).

and Gheorghiuță 2016). In 2013, a decentralization law was introduced which would transfer responsibilities in public health, agriculture, culture, environment, youth and sport, undergraduate education, and transport to the *judete*. However, in 2014 this law was struck down by the constitutional court because the law included the possibility to grant authority to ‘traditional areas’ which was considered to be in violation with the unitary character of the Romania state (Alexandru 2016; Mihailescu 2017). *Judete* score 2 on institutional depth and 1 on policy scope.

The capital city of Bucharest (*București*) is a municipality which has county (*judete*) rights since 1968 (Council of Europe: Romania 1995, 2011). A chapter in the law on local public administration is devoted to Bucharest (Law No. 215/2001, Chapter V). The chapter states that Bucharest shall be organized into six districts (*sectoare*) each with their own directly elected council and mayor, and the chapter organizes the coordination between the districts and the city level (Law No. 215/2001, Arts. 92–94 and 100). In its capacity as municipality, Bucharest is responsible for housing, town planning, environmental protection, waste management, public health, transport infrastructure, water supplies, roads, primary and secondary education, and the management of cultural heritage and parks (Council of Europe: Romania 1999, 2009, 2014). The general council of Bucharest exercises these competences under the supervision of a centrally appointed prefect who checks the legality of the acts and oversees deconcentrated state services (C 1991, Art. 122; Council of Europe: Romania 1995, 2002, 2011). Bucharest scores 2 on policy scope to reflect its broader competences when compared to the other *judete*.

Eight *regiuni de dezvoltare* were created in 1998 to prepare and implement EU structural programming and to collect EU-mandated regional statistics (Dobre 2005, 2010; Law No. 151/1998, Art. 2; No. 339/2004, Art. 7.2). Each consists of four to six *judete*. *Regiuni de dezvoltare* are a deconcentrated level of government with an advisory regional development council composed of local government representatives, presidents of *judet* councils, and *judet* prefects, and an executive appointed by the council, but final authority remains with a national development board composed of executives from all *regiuni de dezvoltare* and government officials (Law No. 151/1998, Arts. 6 and 10; No. 339/2004, Arts. 7.6–7, and Art.11). Each region has a regional development agency (*agenția pentru dezvoltare regională*), financed centrally, which implements policy (Dobre 2010; Dragoman 2011; Law No. 151/1998, Art. 8; No. 339/2004, Art. 9).

## FISCAL AUTONOMY

The financial position of *judete* was uncertain until the passage of the 1994 law on local taxes and fees.<sup>a</sup> From 1994–2003, *judete* could set the rate, within a range specified by law, of property taxes (land, vehicles, buildings) and local fees (permits, etc.), and they could also establish, within the limits of national law, new regional taxes (Cismaru et al. 2000; Law No. 26/1994). In addition, *judete* received an annually determined share of national income tax (Popa et al. 2000). Since late 2004, the fiscal code of Romania specifies that the central government determines the base and rate of most regional taxes (Law No. 571/2003, Arts. 247–265 and 273–277), but *judete* retain the right to grant exemptions and to increase or decrease the rate by 50 percent (previously 20 percent)

from the reference rate set by the central government (Bischoff and Giosan 2007; Law No. 571/2003, Arts. 286–287). The bulk of *judete* income comes from a share in regionally collected personal income and value added taxes (Dragoman 2011).

Fiscal autonomy for Bucharest developed in a similar way as for other *judete*. In its capacity as municipality, Bucharest can set the rate of taxes on land, buildings, and means of transport within the boundaries determined by central government (Council of Europe: Romania 1999, 2009, 2014; Law No. 27/1994).

*Regiuni de dezvoltare* are dependent on intergovernmental transfers and have no tax authority (Bischoff and Giosan 2007; Law No. 151/1998, Art. 9 and No. 339/2004, Art. 8.11–8.12).

## BORROWING AUTONOMY

Prior to 1999 *judete* financial decisions were heavily regulated by the Public Finances Act (Law No. 10/1991, amended in 1996) and the central government's annual budget. Any investment expenditure required the approval of the ministry of finance, and credit and capital market access was virtually non-existent. While borrowing was not explicitly prohibited, *judete* did not borrow (Council of Europe: Romania 2002; Pop 2002: 291–293).<sup>a</sup>

The Local Public Finances Act of 1998 (Law No. 1189/1998), which came into effect the following year (Ordinance No. 216/1999), introduced the possibility to borrow pending prior government approval.<sup>a</sup> Loans can be used to finance investments, and they can be either from ordinary loans or from bonds. The annual debt service may not exceed 30 percent (20 percent before 2002) of own revenues of the past three years (Council of Europe: Romania 2009; Law No. 1189/1998, Art. 48; Nikolov 2006; Popa et al. 2000; Profiroiu, Profiroiu, and Szabo 2017: 377). *Judete* can contract domestic loans without government guarantees, provided that the ministry of finance has received prior notification of this. Foreign loans can be contracted only with the approval of the authorization commission, which is composed of representatives from the *judete* administration, the central government, and the National Bank of Romania (Coman et al. 2001; Cismaru et al. 2000; Law No. 189/1998, Art. 48.7). Since 2002, both domestic and foreign debts are subject to approval by the authorization commission and subnational governments must report on borrowing on a monthly basis (Council of Europe: Romania 2009, 2014; Law No. 500/2002, Art. 49; Nikolov 2006).

Borrowing autonomy for Bucharest developed in a similar way as for other *judete* and municipalities are subject to the same borrowing regime as *judete* (Council of Europe: Romania 1999, 2009, 2014; Law No. 189/1998).

*Regiuni de dezvoltare* have no borrowing authority (Bischoff and Giosan 2007; Law No. 151/1998, Art. 9; No. 339/2004, Arts. 8.11–8.12).

## REPRESENTATION

Between 1991 and 1995, the *judete* councils (*consiliul județean*) were indirectly elected by the municipal councils from within the *judete* (Council of Europe: Romania 2002; Dragoman and Gheorghiuță 2017). Since 1996, *judet* councils are directly elected every four years and the councils

elect their president (*președinte*) (Law No. 69/1991, Arts. 60 and 63; No. 215/2001, Arts. 101 and 113; No. 70/1991; No. 67/2004; Stănuș and Pop 2014: 209–216). *Judet* council presidents were directly elected in the 2008 and 2012 elections but since 2016 the *președinte* is again elected by the *judet* councils (Dragoman 2016; Law No. 115/2015, Art. 1; Tănăsescu 2016). Each *judet* has also a government-appointed prefect (*prefect*) (C 1991, Art. 122; Law No. 340/2004, Art. 1).

The general council of Bucharest and the mayor are directly elected since 1992 and, similar to *judete*, the mayor shares executive power with a government appointed prefect (Council of Europe: Romania 1995; Law No. 70/1991; No. 67/2004, Art. 1).<sup>2</sup>

Each *regiuno de dezvoltare* has an advisory council composed of the presidents of the *judet* councils, *judet* prefects, and elected representatives from local governments (Law No. 151/1998, Art. 6; No. 339/2004, Art. 7.6). Government-appointed *judet* prefects have no voting power. The *regiuno de dezvoltare* councils elect their president and vice-president, and executive power rests with a centrally controlled board (Law No. 151/1998, Art. 6.4; No. 339/2004, Art. 7.7).

### *Shared rule*

There is no power sharing for *București*, *judete* or *regiuni de dezvoltare*.

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<sup>2</sup> We start scoring assembly on 1 for *judete* and 2 for Bucharest from 1991 although the first local elections were held on 9 February 1991.

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## Self-rule in Romania

			Institutional depth	Policy scope	Fiscal autonomy	Borrowing autonomy	Representation		Self-rule
							Assembly	Executive	
Judete	I	1991-1993	2	1	0	0	1	1	<b>5</b>
	I	1994-1995	2	1	1	0	1	1	<b>6</b>
	I	1996-1997	2	1	1	0	2	1	<b>7</b>
	I → II	1998	2	1	1	0	2	1	<b>7</b>
	II	1999-2018	2	1	1	1	2	1	<b>8</b>
București	I	1991-1993	2	2	0	0	2	1	<b>7</b>
	I	1994-1997	2	2	1	0	2	1	<b>8</b>
	I → II	1998	2	2	1	0	2	1	<b>8</b>
	II	1999-2018	2	2	1	1	2	1	<b>9</b>
Regiuni de dezvoltare	I	1998-2018	1	0	0	0	1	0	<b>2</b>

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