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European Association of Development Agencies

Regional Development Agencies in
Romania

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Regional Development Agencies in Romania

Introduction

As an EU member, Romania supports the concept of regionalism and all related activities focused on its spread and promotion. Since the early 1990s, Romania has focused on establishing the required conditions in order to promote regional development. Thus its institutional framework is a crucial aspect for the effectiveness of all the activities related to regional development. The promotion of regionalism has determined the appearance of new institutions and administrative bodies in Romania, which are related to the management of structural funds. One of them is the Regional Development Agency (RDA), which plays an important role within the institutional framework related to regional development.

The main aim of this study is to analyse the model of Regional Development Agencies in Romania. Even if Romanian RDAs carry out similar activities to those in European countries, their model remains shaped by the country's specificities. Our study is structured as follows: the first section will provide some historical aspects, the second section will analyse the administrative-territorial organization of Romania, while the third section will be focused on the analysis of the institutional framework and RDAs model.

Historical background

Throughout time, in Romania there have been many initiatives in order to create “bigger entities than the districts”. For this reason:

- between 1859 and 1918 there were several historical regions;
- between the period 1938-1940, there were incipient regions;
- between 1947-1989, Romania was under the authoritarian regime of communists, characterised by a centralised planning system;
- in 1995 association with EU was initiated;
- and in 1998 regions for development were established;



Figure 1: Historical regions of Romania



Figure 2: Romania in 1942



Figure 3: United principalities 1859-1858

Following the 1989 revolution, Romania expressed a strong interest in joining the European Union. Therefore, in 1997, through the PHARE program, the initiative of creating Institutions for Regional Development established an important step forward towards regional development, which was highly important for Romania. This project has elaborated the “The Green Carte of regional development”, which has implemented a large framework that has allowed the Romanian Government to introduce and carry out activities related to regional development. Additionally, the Law on Regional Development was implemented (Law 151/98, 16th of July 1998). According to this law, the main fundamental directions of travel were established as follows:

- reducing existing regional imbalances;
- preparing the institutional framework to meet the criteria for integration;
- correlation of government sectoral policies and activities at regional level;
- stimulate interregional, internal, and international cooperation, cross-border cooperation, including within Euroregions, as well as the participation of development regions in European structures and organizations;

In 1998, through Law 151 (replaced by Law 315 in 2004), regions for development were established, alongside a framework for elaboration, implementation and assessment of policies for regional development, Regional Development Councils, and Regional Development Agencies. Therefore, through volunteer association between districts and local councils, **8 regions for development** were established in Romania. These are specific territorial entities with an average population of 2.8 million inhabitants, without administrative status or juridical personality, which follow the European NUTS system. According to the same law from 2004, the principles for regional development are: **subsidiarity, decentralization, and partnership.**

The Green Charter proposes that the new public body, **National Council for Regional Development (NCDR)**, be set up under the chairmanship of a highly experienced businessman or an academic rank appointed by the Prime Minister. Members of the NCDR should be representatives from: the ministries and central governmental and nongovernmental agencies/committees (Federation of Cities, Small and Medium Enterprises Associations, Trade Unions, Employers) of sectors relevant to regional development such as agriculture, industry, transport and telecommunications, labor, public works, health, the environment, tourism, research, etc. NCDR must have an Executive Secretariat, headed by a secretary. The core task of the NCDR will be to formulate the National Program for Regional Development. It should serve as a reference framework for the sectoral plans of each ministry. The National Program for Regional Development should also function as a framework program in relation to which each of the regional development programs should be evaluated. Another key task of the NCDR will be to prioritize allocations for limited investment funds, from the national regional development fund to different regional development programs.

The main goal of the National Council for Regional Development is to promote the objective related to regional development in Romania. According to Art. 2, the board of the Council is composed by the chairmen and vice-presidents of the regional development councils and, in parity with their number, the heads of the central public administration bodies, appointed by Government decision, as representatives of the Government. The National Council has many attributes, one of them is the organization of ordinary meetings in which the presidents of Regional Development Agencies should participate.

The experience of decentralization within EU member states has shown that local partners are actively involved in regional development initiatives, therefore they can influence decisions in this area. Consequently, the Green Charter proposes that Regional Development Agencies (RDAs) should be established for each of the eight regions on a voluntary basis.

Thus, it was decided that RDAs will be responsible for coordinating regional development for each region. The composition of the RDA Board may vary depending on the size of the region and potential needs. Among RDAs, members may include representatives from: county councils, intercommunal associations, prefectures, chambers of commerce and industry, business organizations, farmers' associations, regional trade union associations, academic institutions and/or the research sector, other regional structures associated with business development.

The most important aspect is that the initial idea of an RDA, regarding its activity, is that it will act as the body responsible for the preparation of regional development programs, proposing priority areas for intervention, financing, and identifying opportunities, in addition to other activities. The role of negotiating the proposed regional development program with NCDR and requesting funding from the National Regional Development Fund will also be restored. The most important instrument of the RDA will be the Regional Development Fund (RDF), which will enable the implementation of regional programs. Regional Development Agencies could be created by co-financing, using public, private, and international funds. From this perspective, the sources of funding for ADR could be:

- the National Regional Development Fund;
- local budgets of cities and communes in different regions;
- the private sector;
- international funding agencies;

Administrative-territorial organization of the country

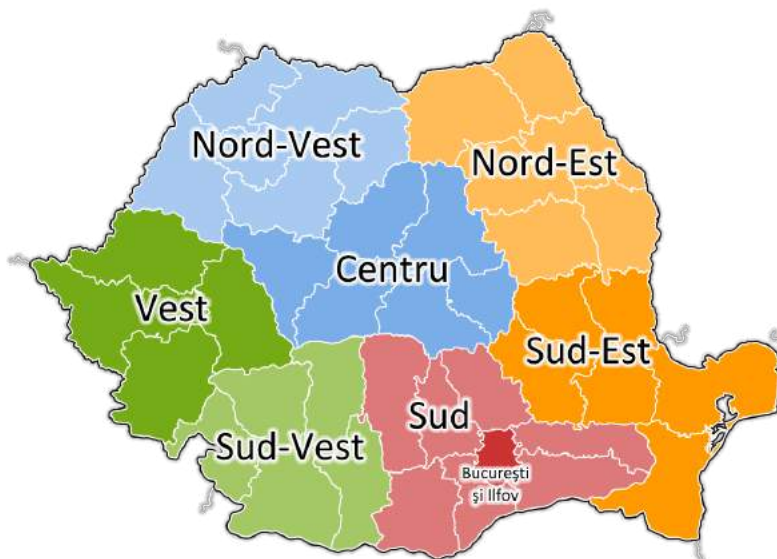
In order to understand the environment in which RDAs operate, it is very important to explain the administrative-territorial organization of the country. Since 1989, Romania has established a centralised system of governance which is based on a national-level administration and local councils (Harding, 2006). According to the Romanian Constitution, the territory is organised administratively into villages, towns, and counties, and public

authorities which operate within the administrative units. The public administration is divided into central and territorial administration, state administration, and local administration. It is important to mention that in Romania there are two administrative levels: the local one, represented by villages and towns; and the second, represented by the county - the intermediate body (Apostolache, 2014).

After the revolution, the Romanian authorities approached the option of decentralisation. The logic of decentralisation was maintained throughout that time. However, given the chaotic activity of public authorities, disconnected from the territorial reality, this aspect has determined the increase of the villages and has shaped new urban centers. Regions were established without consideration for the historical regions of Romania. Furthermore, the headquarters of some of the regions were chosen according to the logic of decentralisation (Braila, Calarasi), while they were sometimes chosen based on the capitals of the historical regions (such as Alba Iulia, Bucuresti, and Cluj-Napoca).

Article 135 of the Romanian Constitution (2003) was also modified in order to include issues related to regional development: *“The State shall ensure the implementation of regional development policies in line with European Union objectives”* (Romanian Constitution, 2003).

The institutional framework, the priorities, the powers, and the tools of regional development policy in Romania are established by Law no. 315/2004 (Apostolache, 2014). The eight regions were established in order to efficiently implement the regional development policy framework and are as follows: **North-East, South-East, South-Muntenia, South-West Oltenia, West, North-West, Centre and Bucharest-Ilfov.**



[Figure 4: The Regions for development in](#)

However, it is highly important to note that the regions of Romania are not *“administrative-territorial units and do not have legal personality”* (Apostolache, 2014; Romanian Constitution, 2003). For a better understanding of their status, it is important to mention

that regions are more like artificial entities which were established in order to support the territorial organization of Romania, to continue the process of regionalisation and regional development policies. Currently, several issues are associated with the map of the regions. The most important are related to the fact that the regions are artificial and are different from Romania's historical regions. Because of this, ethnic differences exist, leading to a lack of brand identity.

The absorption of structural funds represents an important aspect of regional development policy. In this case, it should be mentioned that in Romania the process of fund absorption is complex, therefore many efforts are aimed at informing people about the opportunities provided by EU funds. It is generally accepted as a fact that many issues are related to the administrative environment, therefore more actions should be taken in order to tackle them. The activity of RDAs is mainly focused on projects related to structural funds.

The institutional framework for regional development in Romania: The role of RDAs

There are several structures for regional development. At **regional level**:

- the Council for Regional Development with decision-making role;
- the Agencies for Regional Development with executive role;

At **national level**:

- the Council for Regional Development with decision-making role;
- the Ministry for Regional Development and Public Administration with executive role;

Therefore, a **Regional Development Board (RDB)** has been established in each region as a voluntary association of local authorities without legal personality (the Council for Regional Development holds the role of decision-maker). The Council is managed by a president and a vice-president from different districts, elected for one year. Depending on the subject matter of the debate, the prefects of the counties, representatives of local, municipal, city, and communal councils, institutions and organizations working in the field of regional development, and civil society representatives can participate, though without voting rights. At each RDB meeting, the director of the Regional Development Agency should participate as well. Each RDB is composed of:

- presidents of the County Councils in the region;
- One representative of the Local Municipal Councils in each County;
- One representative of Town Councils in each County;
- One representative of Local Commune Councils in each County.

Additionally, in each region there is a Regional Committee for Planning with a consultative role at the regional level, which represents a larger framework for partnership of the Council

for Regional Development for the elaboration of Regional Development Planification. The Committee is managed by the agency which ensures the secretariat. It gathers representatives of the main institutions at regional, county, and local level: representatives of prefectures, county councils, local councils, decentralized services of central public institutions, civil society, as well as representatives of other organizations with relevant activity at regional level in various specific fields.

European Union Funds

As already mentioned, the management of EU funding is very important for regional development policy in Romania. In order to manage all the activities related to the absorption of EU funds, the institutional framework is a crucial aspect that still has many structural issues that should be overcome in the future. The Regional Operational Program (ROP 2014-2020) is the successor of the 2007-2013 program and it is one of the programs through which Romania accesses European structural funds and investments provided by the European Fund for Regional Development.

The ROP 2014-2020 aims to increase the overall economic competitiveness and improve the living conditions of local and regional communities by supporting the development of the business environment, infrastructure, and services for the sustainable development of the regions so that they can effectively manage resources and exploit the potential for innovation and assimilation of technological progress.

The objectives of POR 2014-2020 are translated into 11 Axes of priority, in addition to one more Axis for technical assistance. The total budget is estimated to be around 8,25 Billion euros, where 6,7 billion is the EUs support through the European Fund for regional Development and 1,5 Billion is the national contribution.

The Axes are:

Priority Axis 1: Promoting Technological Transfer

Priority Axis 2: Improving the competitiveness of small and medium-sized enterprises

Priority Axis 3: Supporting the transition to a low-carbon economy

Priority Axis 4: Supporting sustainable urban development

Priority Axis 5: Improving the Urban Environment and Conservation, Protection, and Sustainable Valuation of Cultural Heritage

Priority Axis 6: Improving the Road Infrastructure of Regional Importance

Priority Axis 7: Diversifying local economies through the sustainable development of tourism

Priority Axis 8: Development of Health and Social Infrastructure

Priority Axis 9: Supporting Economic and Social Regeneration of Disadvantaged Communities in the Urban Area

Priority Axis 10: Improving Educational Infrastructure

Priority Axis 11: Geographical extension of the property registration system in cadastre and land registration

Priority Axis 12: Technical Assistance

The Regional Operational Program 2014-2020 managed by the Ministry of Regional Development and Public Administration as the Management Authority

Now, the EU funds allocated for the operational programs are managed by 3 ministries.

Table 1: Ministries responsible for EU Funds

The Ministry for EU Funds	The Ministry of Regional Development and Public Administration	The Ministry of Agriculture and Rural development
<ul style="list-style-type: none"> • Operational Program for Big Infrastructure; • Operational Program; • Operational Program for Technical Assistance; • Operational Program for Human Capital; • Operational Program for Helping Disadvantaged People 	<ul style="list-style-type: none"> • Operational Regional Program • Operational Program for Administrative Capacity 	<ul style="list-style-type: none"> • National Program for Rural Development; • National Program for Fishing and Aquaculture;

The most important role in the process of EU fund management is played by the Ministry of European Funds (MEF), which is a specialized body of the Central Public Administration. It also has juridical personality and is under the supervision of the Romanian Government.

The main attributes of the MEF are the following:

- cooperation with institutions which are in charge with public procurement;
- cooperation with the Audit Authority for Certification and Payment;

- coordination, together with the Ministry of Regional Development and Public Administration, of policy in the field of the seven national growth poles in Romania, where priority is given to investments from the programs with community and national funding.;
- being the national contact point for the European Economic Area Financial Mechanism for 2004-2009 and for 2009-2014 and for the Norwegian Cooperation Program for Growth and Sustainable Development for the same periods.
- Coordination of the development, monitoring, and evaluation of the National Reform Program, the Europe 2020 implementation tool.

The second important ministry for the implementation of regional policy is the Ministry of Regional Development and Public Administration (MRDPA), which implements government policy. It covers the following fields: **regional development, cohesion and territorial development, cross-border cooperation, translation, landscaping, urbanism and architecture, public works, construction, and tourism.**

The Ministry of Regional Development and Public Administration manages programs financed through European funds, programs for territorial cooperation, and national programs focused on local development. Several institutions are subordinated to the MRDPA: the National Regulatory Authority for Community Services for Public Use, the State Inspectorate for Construction, the National Agency for Cadastre and Real Estate Advertising, the National Housing Agency, the National Investment Company " C.N.I. " - S.A., Agencies of Regional Development (North-East ADR, South-East ADR, South Muntenia ADR, South-West ADR - Oltenia, ADR West, ADR North-West, ADR Center and ADR Bucharest – Ilfov). Also under MDRPA authority are the various Regional Offices for Cross-border Cooperation, situated in: Oradea (for the Romanian-Hungarian border), Călărași (for the Romanian-Bulgarian border), Suceava (for the Romanian-Ukrainian border), as well the Office for the Romanian-Serbian Border and one in Iasi (for the Romanian-Moldovan border).

Some of the most important institutions involved in the process of structural funds, which act more like intermediate bodies, are:

- the Ministry of Transportation;
- the Ministry of the Environment and Climate Change;
- the Department of Infrastructure Projects;
- The Ministry of Work, Family and Social Protection;
- the Department of Energy;
- the National Authority for Tourism;
- the Regional Development Agencies;
- the Ministry of Economy;
- the Ministry of Information Society;
- the Agency for Financing Rural Investments;
- the Ministry for Regional Development and Public Administration;

Agencies for Regional Development

In Romania, the role of Regional Development Agencies could be approached from different points of view. However, it should be mentioned that RDAs are tools for decentralisation and, as they are executive bodies at regional level, their responsibility is to deliver national policies with greater efficiency (Harding, 2006). In the case of Romania, the relationship between RDA activity and EU funding is crucial for the economic development of the country and for the continuation of regional decentralisation. In 2005, at the initiative of RDA Nord Est, the National Association of Regional Development Agencies of Romania (ROREG) was founded. The role of ROREG is to represent RDAs from Romania at both national and international level and to strengthen their administrative capacity. The RDA Nord Est ensured its presidency until 2015. ROREG is a non-governmental body that aims to act in an active manner in order to attract investments and developing projects, to ensure representation to national and international institutions, and to support and improve attitudes favourable to regional development among the local and central public administration, as well as among other institutions and organisations of public interest. The activity of this association is primarily aimed at benefitting the citizens of Romania, who will profit from the attraction of non-refundable funds through the activity of the eight RDAs in the country.

Organigrama ADR SE - august 2017

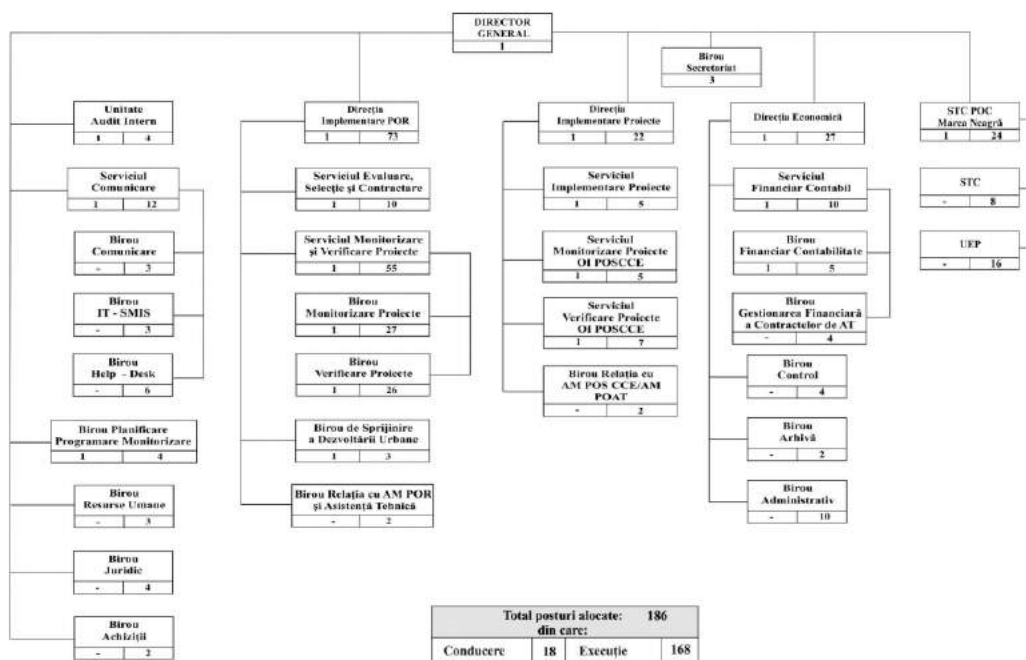


Figure 5 Internal organization of RDA Sud Est. Source: www.adrse.ro

The RDAs were established according to the Law 151/1998, through the decision of the Council for Regional Development, as non-governmental bodies, for public utility, with legal personality, which operate in various fields specific to regional development. According the

law, RDAs have equal status, though each agency is free to determine its own internal activity regarding management, organisation, communication policy, and other areas. In 2010, RDA Nord Est has opened a Representation Office in Brussels in order to increase the visibility of the Agency and to promote the image of North East region in the home of the European institutions. In 2012 RDA Nord Est, along with other four agencies, founded the first regional cluster; IMAGO-MOL. RDAs offer a wide range of services, such as regional planning, implementation of international projects, strategic partnerships and external cooperation, urban development, attracting private investments, smart specialization strategies, the management of innovation and the internationalisation of businesses, the development of ecosystems, and regional entrepreneurship. RDAs are responsible for a wide variety of activities which are defined through Law 315/2004; the Law on Regional Development:

- **to reduce the regional disparities between regions, in order to ensure the development of Romania;**
- **to correlate the sectorial governmental policies at regional level through the incentive of initiatives**
- **to stimulate interregional, internal, and international cross-border cooperation, including within Euroregions, as well as the participation of development regions in European structures and organizations that promote their economic and social development in order to achieve projects of common interest, in line with international agreements which Romania is part of.**

According to Law 315/2004, RDAs are responsible for:

- Developing and proposing the regional development strategy, plan, and programs for approval to the Regional Development Council , as well as fund management plans;
- Ensuring the implementation of regional development programs and fund management plans, in accordance with the decisions adopted by the Regional Development Council and in compliance with the legislation in force, and responding to it for their realisation;
- Calling on the national institution with powers in the field of regional development to raise funds from the National Fund for Regional Development for the financing of approved development projects;
- Working, together with the Regional Development Council, in order to attract resources which enable them to carry out their tasks;
- Submitting to the Regional Development Council for approval the projects selected under the regional development programs, based on the priorities, criteria, and methodology developed by the national institution responsible for regional development, together with the specialised regional bodies;
- Ensuring and responding, on the basis of contracts with national institutions, to the implementation, technical and financial monitoring, and control of the implementation of projects funded by the European Union in the framework

of regional development programs and/or, as the case may be, of projects under national programs implemented at regional level through RDAs; for the tasks delegated to the Agencies by institutions belonging to the central or local public administration, the monitoring and control of such activities shall be carried out by the institution which delegated these tasks;

- Preparation of biannual reports, as well as the annual implementation report on the activities carried out under the contracts with the national institution with responsibilities in the field of regional development;
- Highlight the stage, the implementation difficulties and the impact of regional development programs or projects and propose improvement measures; the reports are approved in advance by the Regional Development Council and transmitted to the national institution with attributions in the field of regional development.
- Organisation and development of regional partnerships, with the support of and under the coordination of the Regional Development Council, as well as promotion at regional level of the knowledge of EU policies and practices, including the principles underpinning regional development policies;
- Identification and promotion, in partnership, of projects of regional and local interest, as well as intra-regional cooperation projects;
- Promotion, with the support of the Regional Development Council, of the region and attraction of foreign investment;
- Development of collaborations with similar bodies and institutions in the European Union and participation in the implementation of international projects of regional and local interest.

The budget for financing the RDAs' activities is ensured by the European Fund for Regional Development and the amount is adjusted by the Council for Regional Development. Within each Agency there is a unity for internal audit, which is subordinated to the director of the Agency. The number of employees of an RDA is between 150-200.

Cross-Border Cooperation (CBC)

CBC represents an important component of regional development policy, which has the main the goal of ensuring the economic growth and socially-balanced and durable development of border regions. In 2005 offices were created for cross-border cooperation between Romania and Ukraine in Suceava, as well as in Iasi for Romania and the Republic of Moldova, for which RDA NE ensures the presidency of the Director Council. The administrative bodies involved in CBC are subordinated to RDAs.

Conclusion

RDAs are relevant actors within the institutional web which ensure the implementation of regional development policies. They are executive bodies at regional level and act as an intermediary. RDAs are tools for decentralisation and, as they are executive bodies at a regional level, their responsibility is to deliver national policies with greater efficiency (Harding, 2006). As Romania is still an emerging economy, the role of EU funds is very important. In this case, the activity of RDAs related to EU funds is crucial for the economic development of the country and for the continuation of regional decentralisation.

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