

ROMANIA – NEW E.U. MEMBER STATE, A NEW PHASE OF ITS TRANSITION*

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Abstract

Ever since Romania started its transition in the 1990s, it consistently scored poorly in various comparative performance assessments aimed at rating developing countries. In this paper we analyze whether Romania has managed to overcome the transition period or not, by pointing out both the drawbacks as well as the progress that has been made over the transition period, but most of all since our accession to the European Union in 2007. We discuss the concept of good governance for a new EU member state, by focusing on the state of public governance in Romania, but also addressing the other two important actors in the society, the private sector and the civil society.

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1. Introduction

Accession to the European Union implied the beginning of a new phase of development for Central and Eastern European countries. In our opinion the concept of good governance for a new EU country can be translated into democratic governance, meaning transparent and accountable governance, capable of enhancing participation and assuring the rule of law.

Thus, all countries that join the EU are formally considered to be democracies, as this is one primary condition that candidate states must fulfill. However, it is not surprising to see that many new EU member states have copied more or less accurately the superficial aspects of Western mature democracies, without taking much care of the content. In other words, these countries call themselves democracies because they have managed to put in place specific institutional arrangements, although such arrangements are not always effective.

This is more or less the case of Romania, which in 2009 reached a democracy score of 3,36, that still places it in the semi-consolidated democracies group (with scores ranging from 3 to 3,99), together with Bulgaria (3,04), Croatia (3,71), Serbia (3,79), Montenegro (3,79), Albania (3,82) and Macedonia (3,86). Therefore, the goal for Romania should be to join the consolidated democracies group (with scores ranging from 1 to 2,99), together with Slovenia (1,93), Estonia (1,93), Latvia (2,18), Czech Republic (2,18), Poland (2,25), Hungary (2,29), Lithuania (2,29), Slovakia (2,46).

Once a new EU member state has a genuine democratic governance, focus should be placed on the forms of governance (political/public governance, economic governance and social governance), because as developing and transitioning countries proceed down the path to democracy, changes take place in how all sectors of the society interact: state, private sector and civil society. This interaction is the essence of governance (Brinkerhoff and Crosby, 2002, p. 7).

This paper examines the extent to which Romania has continued the progress achieved prior to the EU adhesion in 2007 and the extent to which Romania has managed to deal with the catching-up process.

Starting with the 1990s, when Romania took the pathway towards democracy, it also became part of the transitional and developing countries group. In 2007, after 17 years of continuous efforts, Romania joined the European Union. At this point one would normally imagine that Romania has managed to overcome its transition period and at least join the “intermediate developed countries” group. In the early 1990s, the government’s strategy focused greatly on the economy. Only later on it became evident that economic reform was not possible without a proper public administration reform, which explains both the lags and distortions that resulted during the economic reform implementation process.

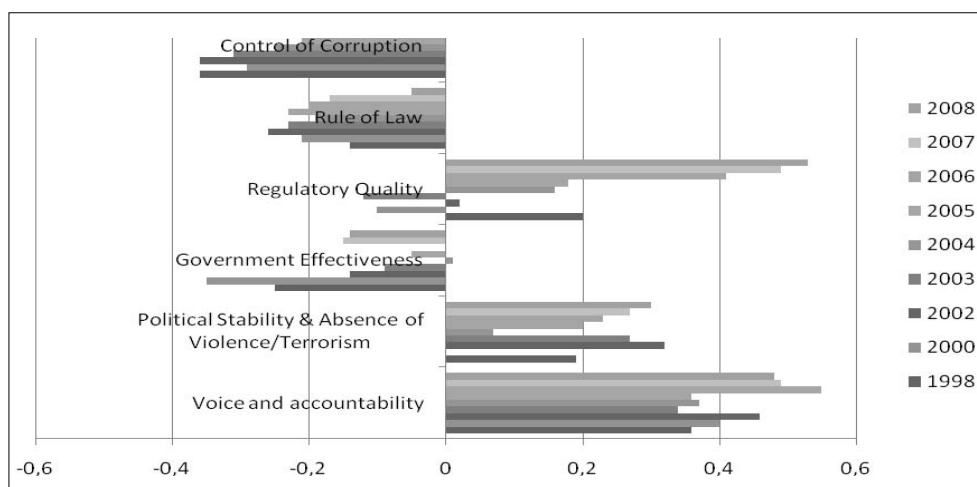
In this paper we analyze whether Romania has indeed achieved this status change, by highlighting both the deficits and growths.

2. The state of governance in Romania

When Romania gained full EU membership in 2007 everybody expected transition to be over and also the “developing country” label. Nonetheless, almost all statistics place Romania towards the bottom of the list. There is no doubt that the EU accession process helped us speed-up and even burn some stages of the transitions’ travails. However, despite the efforts made in the pre-accession period, there is still a long way to reach the Western European developed countries.

Several foreign and domestic analysts share the same opinion that although Romania made a lot of efforts in order to improve the social and economic conditions of its populace, something essential must be missing since substantive democracy and prosperity are still on the wait (Mungiu-Pippidi *et al.*, 2003, p. 2). To this respect, there is a growing consensus on what the missing ingredient might be: good governance. This would explain why countries facing more adverse circumstances have achieved more visible progress, as it is the case of Bulgaria.

Some authors consider that the deficit of governance in Romania spans over many aspects of the public life and gets translated into wrong institutional arrangements, lack of political will and missing implementation skills (Mungiu-Pippidi *et al.*, 2003, p. 3). Their position is supported by quantitative data, like the quality of governance indicator calculated by the World Bank (2009), which measures six core dimensions of governance (Figure 1). The evolution of this indicator in the last decade shows that the most sensitive governance areas in Romania are the control of corruption, the rule of law and governance effectiveness.



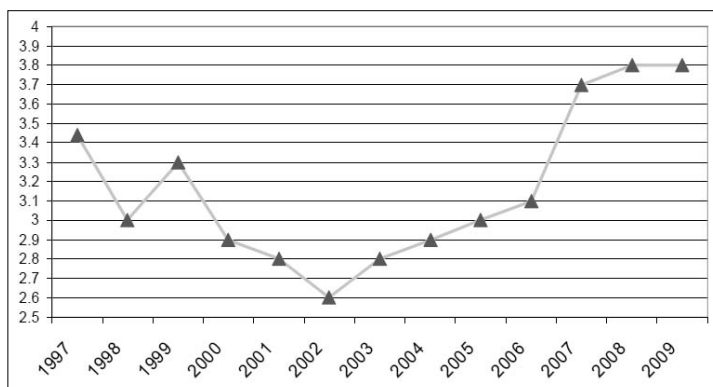
NOTE: Scores lie between -2,5 and 2,5, with high scores corresponding to better outcomes.

Figure 1: The quality of governance in Romania

Source: adapted from Kaufmann *et al.* (2009)

If we take a closer look at the corruption dimension and also consult other comprehensive evaluations, like Transparency International indicators (Figure 2), we can easily notice that the most notable progress was made in the pre-accession

period, when the CPI scored increases of 0,6 points (3,1 in 2006, by comparison with 3,7 in 2007). Once Romania joined the EU, the CPI score rose very little (3,8 in 2008, by comparison with 3,7 in 2007) or remained constant (3,8 in 2009). The progress achieved in 2008 in the anticorruption fight was held steady in 2009 most probably because of the Parliament's try to reinstate immunity for ministers who also enjoyed the Member of Parliament status (Freedom House, 2009).



NOTE: Ratings are based on a scale of 1 to 10, with 1 representing the highest level of corruption and 10 the lowest level of corruption.

Figure 2: Romania's Corruption Perception Index (CPI) evolution between 1997-2008

Source: Transparency International (2009)

When checking on other comparative ratings (Table 1), scores seem to indicate, with small exceptions, a stagnation or even decline of the progress registered prior to the EU accession. Apart from the Electoral process, for which ratings improved from 2,75 to 2,5 due to a new, original electoral system replacing proportional, list-based voting, the other dimensions got worse or remained constant.

Table 1: Nations in Transit Ratings and Averaged Score

	1999-2000	2001	2002	2003	2004	2005	2005	2007	2008	2009
Electoral Process	2,75	3	3	2,75	2,75	2,75	2,75	2,75	2,75	2,5
Civil Society	3	3	3	2,75	2,5	2,25	2,25	2,25	2,25	2,5
Independent Media	3,5	3,5	3,5	3,75	3,75	4	4	3,75	3,75	3,75
Governance*	3,5	3,75	3,75	3,75	3,75	n/a	n/a	n/a	n/a	n/a
National Democratic Governance	n/a	n/a	n/a	n/a	n/a	3,5	3,5	3,5	3,75	3,75
Local Democratic Governance	n/a	n/a	n/a	n/a	n/a	3	3	3	3	3
Judicial Framework and Independence	4,25	4,25	4,25	4,25	4,25	4	4	3,75	4	4

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

	1999-2000	2001	2002	2003	2004	2005	2005	2007	2008	2009
Corruption	4,25	4,5	4,75	4,5	4,5	4,25	4,25	4	4	4
Democracy Score	3,54	3,67	3,71	3,63	3,58	3,39	3,39	3,29	3,36	3,36

NOTE: The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

Source: Mungiu-Pippidi (2009)

From a theoretical and practical point of view, public management and good governance are strongly interrelated with public administration (PA). A common mistake of those who use management methods in the service of the state and of the good governance supporters is that they do not take into consideration the above mentioned interactions/relations. A complex analysis reveals that without PA, neither public management nor good governance can achieve the expected outcomes. This aspect must be taken into account as a high priority for PA modernization, and above all it is important to exactly determine what it consists of. First of all, it is important to admit, accept and reaffirm the role of PA as decisive factor for an effective public management and good governance.

Secondly, the main PA functions must be redefined, especially those that cannot be delegated to the private sector and the civil society: justice, security, provision of essential public services for human development and protection of the environment. It is obvious that an oversized PA, that carries functions that could be better performed by the market sector and the civil society cannot be either effective or efficient.

And third of all, a new start for PA should not be over-sufficient; PA should not limit itself to exclusively perform its functions and supply public goods and services in a paternalistic and monopolistic way. PA has to understand the importance and the advantages of partnerships with the private sector and the civil society, aimed at achieving synergy, at local, national, regional and international level. In this way PA can maximize the experience, competences, knowledge and resources in order to better satisfy the citizens' needs. Partnerships will therefore be the engine for modernization, as they can mix together the best capabilities of all three types of administrative practices (public administration, public management and good governance) in order to transform PA in an effective, efficient, lean, transparent and accountable instrument in the service of the state.

3. Public administration sector

In general, a modern public administration should be endowed (at the level of institutions, structures, mechanisms, procedures, networks, relationships, work procedures and hierarchical rules) with a series of attributes that allow it to be efficient, effective, economic, transparent, responsible, equitable, capable of adapting to the public needs and to allow the participation of various actors from all the sectors and levels.

A democratic and efficient public administration is one of the key elements which define a country's level of modernization (Profiroiu *et al.*, 2006, p. 3). Consequently, the state of public administration is a good indicator for identifying the phase of a country's transition. Romania makes no exception to this trend. Thus, the first phase of reforming the public administration system began immediately after the change of political regime, in 1990.

Starting with 1993, PA reform focused on changing the relationship between PA and society, meaning that PA must serve the society and not subordinate the society, as well as on the separation between the state and the civil society. It also emphasized the support for increasing the civil society's auto-regulation capacity and for local individual initiatives, a new relationship between citizens and administration, strengthening the role of local public authorities and developing a partnership with the civil society. Other drivers for increasing the pace of PA reform were the need for structural and functional PA modernization and the EU integration process.

This is the moment when, after the crucial process of democratization, the paths of Central European administrative reforms began to come closer again in the late 1990 as a result of the EU accession process. Although public administration was not an explicit part of the *acquis communautaire*, several targets set by the EU regarded more or less directly administrative/management reforms in the public sector: establishing the civil service, e-government services, further decentralization, improving the system of financial controls to be able to use efficiently and effectively EU funds (Nemec, 2008, pp. 343-344). In Romania, external pressure, coming especially from the European Union, but also from other international stakeholders, have made the administrative reform a top priority, closely intertwined with the process of accession to the European Union (Hințea, 2008, p. 277).

This new phase of the administrative reform (2001-2006) was aimed at promoting values and principles such as: separation between political and administrative functions; creating and strengthening a new corps of professional and neutral career civil servants; bringing the decision-making processes closer to the citizens, decision-making autonomy; transparency; administrative simplification and respect for citizens; competence delegation and service deconcentration; protection of citizens' rights. Several European Commission reports signaled that many of the initially set goals as well as the adopted laws were not effectively respected and implemented and the new created entities did not manage to entirely fulfill their mission. It is for this reason that the PA reform kept the top of the pre and post EU integration agenda. Taking into account the recommendations made in the European Commission's Report in 2003, the priorities of the PA transformation process focused on the civil service, aimed at creating a professional, stable and politically neutral corps of civil servants, local public administration, by continuing the public services decentralization/deconcentration process and central public administration, by improving the public policy process.

The monitoring process of the civil service and continuous training for public servants legislation implementation revealed several problems, related both to the

legal framework, as well as to the management of public employees. All these findings led to changes in legislation and to a consolidated role of the National Agency for Civil Servants. Law no. 16/2003 helped better regulate incompatibilities and conflicts of interest. Other relevant pieces of legislation adopted were related to the career system, parity and disciplinary commissions, professional dossier, civil servants professional conduct code.

Despite all the attention, the reform process apparently gave to the civil service an integrated strategy, exclusively dedicated to all aspects of the public service, capable of proving awareness that decisions that materialize into laws can be effectively implemented only by a professional, stable and politically neutral corps of PA professionals (Table 2).

The main weak points of the Romanian PA human resources management (HRM) were related to the selection, recruitment, motivation, evaluation and salary system. Thus, the recruitment and selection processes are not as transparent and correct as they should be. People working in the PA HRM departments are not capable of selecting the best candidates, because they limit the selection procedures to the conditions set by laws. Also, there are few intermediaries used in order to promote vacancies (the most important intermediary, the National Agency for Public Servants did not manage to centralize on its website all the vacancies available in all 41 counties), and public institutions rarely have proper updated websites. As for the motivation of civil servants, there is a lack of alternative motivation instruments, compensations are not sufficient in order to assure a decent standard of living and newcomers into the system are not at all well paid. All these elements lead to an increased number of corruption cases and a negative image surrounding public servants.

Table 2: Dimensions of the current reform process

	Young people's interest for the civil service	Employees' mobility	Continuous training improvement	Corruption reduction	Increase of transparency	Development and empowerment of employees potential
Not at all	9.1	4.8	0.0	0.0	0.0	0.0
Very little	18.2	28.6	9.5	18.2	22.7	4.5
Moderated	31.8	47.6	28.6	50.0	13.6	27.3
Pretty much	13.6	14.3	52.4	13.6	27.3	18.2
Very much	27.3	4.8	9.5	18.2	31.8	40.9
No answer	0.0	0.0	0.0	0.0	4.5	9.1
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Profiroiu *et al.* (2006)

Starting with 2006, a considerable increase of the government employees' salaries occurred, gradually leading to an excessive growth in the number employees. In the context of the present financial crisis high wages were not sustainable anymore, which made it necessary to adopt, in 2009, the Unitary Salary System Law for the budgetary sector. It aimed at abolishing major discrepancies between the various

public sector categories of employees by introducing wage coefficients ranging on a scale from 1 to 12.

Despite uncontested efforts, empirical evidence reveals that PA reform in Romania can be defined as a process which failed to bring about the expected transformations (Profiroiu *et al.*, 2006, p. 40). Thus, the results of a survey carried out among local and central PA practitioners indicated that 50% of the mayors in Romania do not have a positive opinion about the changes that resulted in the PA field in the last years, while 36,4% of the modernizers (public sector employees responsible for PA modernization) feel that public administration is subject to a reform process to a very little extend.

The decentralization of competences from central to local level, generated a lot of difficulties in the public service provision process, because local communities were not prepared to assume such responsibilities. Moreover, under the public deficit pressure, central PA did not accompany the package of decentralized competences with the corresponding financial resources.

In Romania, decentralization was perceived as an antidote for the communist regime remains. However, the persuasive role of the central PA in relation with the local PA control, the inadequate level of resources at local level and the territorial discrepancies related to the public services quality represent likely areas for intervention aiming at improving the effects of decentralization (World Bank, 2006).

Local Public Administration Law balanced the decision power in favor of local and regional authorities. Unfortunately this legal framework which established clear rules and principles for decentralization was adopted in 2004, almost 13 years after the decentralization process had begun.

During the last decade, Romania has made significant steps in the field of financial decentralization. Within this process four cycles have been identified (Profiroiu, Andrei and Profiroiu, 2008, pp. 172-173):

- In the first cycle (1991-1994) important changes were made in the structure and the financing system of local authorities, including also the introduction of the local taxes and fees system.
- In the second reform policy cycle (1998-2000) new steps were made, for making the administrative and financial decentralization effective. Thus, on the basis of the new legislation concerning local public authorities financing, the local budgets quota from the GDP increased, as well as the corresponding proportion of the local expenditures in the total public expenditures (between 1998-2001 the percentage from the GDP increased from 3,6% to 6,5% and the local expenditures from 14,4 to 26,6%).
- During the third cycle (2001-2004) the new laws (Local Public Administration Law no. 215/2004, Community Public Utilities Law no. 326/2001) have adopted and established new rules for some functions of the local authorities, especially with regard to the public services/utilities. Tendencies of centralization and decentralization existed all over this time period. Some new legal provisions strengthened the control power of central authorities over local authorities,

while others have acted in the spirit of decentralization. In July 2003 a new law concerning the local public finances abrogated the previous one. The new legal framework included provisions correlated with Law on Public Finances no. 500/2002 (harmonized with the provisions of the Council of the European Union (EC, Euratom), Regulation no.1605/2002) and led to an increased percentage taken from the tax on income applied individually (IPP) which was transferred to the local budget.

- During the fourth cycle (2004-present), the reform continued with the adoption of the Decentralization Law no. 195/2006, which clearly classifies the competences of local PA authorities, dividing them into three major categories: exclusive, shared and delegated competences.

According to the two important stages of the PA reforms in Central Europe, external financial help can also be separated in two categories. Thus in the first phase of democratization of PA, financial support came through SIGMA, OECD, EU funds (PHARE program) and international donors, such as the World Bank, USAID or the International Monetary Fund. The second phase of reforming the public sector in CEE was dominated by the EU accession process and therefore EU financial aid for reinforcement of institutional and administrative capacities was received mainly through PHARE and Transition Facility programs and later on through structural funds.

Since its accession to the European Union (January 1st, 2007) Romania was considered ready to meet obligations arising from its membership, but also to exercise its rights under such acts, including participation in the formulation and implementation of the Community Cohesion Policy. Therefore, the efforts to consolidate the evaluation capacity are continued. Currently, Romania is one of the EU Member States benefiting from an Operational Program, financed by the Structural Funds, which is entirely dedicated to the administrative capacity development. The need for a separate Operational Program for solving this problem is emphasized in all studies on the evolution of public administration institutions in Romania. Therefore, the Ministry of Administration and Interior is entitled to act as Managing Authority for the Administrative Capacity Development Operational Program. The overall objective is to increase government efficiency, while the specific objectives relate to improving public policy management cycle and the quality and efficiency of service delivery.

Despite all efforts above presented, evaluation capacity is still insufficient, proving that its development requires time and resources. The problems identified in the development of the evaluation capacity relate primarily to the Romanian evaluation culture (Ministry of Public Finance, National Evaluation Strategy 2007-2013). First, there is confusion about the concept of evaluation, its significance, and the language used to describe it. The purpose of evaluation is not well understood at the various levels of government administration. Evaluation, as a process that supports the management of public administration and good governance, is lost to some extent in reporting and control function. In the Romanian public administration there is rather a culture of reporting, focused primarily on financial audits. Also, due to a

strong reporting culture, emphasis is placed on describing the work rather than on evaluating it. Last but not least, the supply of domestic evaluators is low, regardless the field. There is a small pool of evaluators, their experience being gained through a combination of practical experience and training, but their capacity should be further supported and developed.

Moreover, due to the existence of a legalistic tradition in the Romanian public administration – excessive use of normative acts, strict procedures – development of a monitoring and evaluation culture based on performance, transparency, efficiency and effectiveness, in terms of public policies, has proved difficult. The problems identified at the level of central public administration in Romania generated by the legalistic tradition relate to:

- Institutional deficiencies: information on actions taken and the results achieved is difficult to be obtained and used. Monitoring and evaluation activities are not perceived as current and systematic activities within central administration, but rather imposed by the requirements for the implementation of EU funded projects. There are no plans of joint monitoring and evaluation of inter-institutional programs or public policy proposals. These facts might illustrate the insufficient political and administrative support for monitoring and evaluation activities.

- Lack of resources: there are no appropriate financial and human resources allocated to monitoring and evaluation (except the evaluation of the European Structural Funds), and outsourcing of such a function is very difficult. There are few opportunities in terms of technical assistance programs and training for monitoring and evaluation activities.

- Structural problems: there are limitations regarding the use of monitoring and evaluation results, including public transparency. The audit and control activities are more present than monitoring and evaluation activities and quantitative indicators are favored to qualitative ones.

4. Private sector

According to the two already mentioned phases of PA management reform in CEE countries, Romania's transition to the market economy can also be broken down into two different stages, very much similar to the first ones: the liberalization phase and the pre-accession phase.

The liberalization phase began in the early 1990s with radical economic reforms aimed at producing the switch from a centrally-planned economy to a market economy. The first economic reforms were directed towards a massive privatization and restructuring of the economic system. These reforms were considered compulsory for other further economic measures. Prices liberalization was another important modality for allocating resources in order to be used with maximum efficiency. Trade liberalization, proliferation of the private property, opening towards the international capital market were just a few of the most important reforms at the beginning of the road to capitalism.

Romania managed to attract foreign investors later than other CEE countries due to the constant hesitations it showed, once it started on the pathway to democracy. Only in the middle of the 1990s, when the effects of the democratic transformations came into force, did Romania become an interesting location for investments. However, that late start seems to “haunt” Romania, as recent data shows it did not manage to catch-up with other transition and developing economies. Thus, the results provided by IMD Competitiveness Yearbook¹ in 2009 ranked Romania at the bottom of the list (position 54 out of 57), before Argentina, Ukraine and Venezuela.

Romania suffered a considerable reversal as it fell nine places, from the 45th to the 54th place, and was severely surpassed by all European Union member states². The World Competitiveness Yearbook shows the country’s state of governance, as it is a well-known fact that good governance means institutions that establish a predictable, impartial, and consistently enforced set of rules for investors, which is crucial for sustained and rapid growth in per capita incomes, especially in transition and developing countries.

According to data of the World Bank report “Doing Business 2008 – comparing regulation in 178 economies”, Romania has achieved a substantial improvement in the regulations that address the private sector. Thus, Romania ranks on the 48th position at global level concerning the easiness to start and develop a business from a legal point of view, despite the fact that reforms have not proved to be unitary. The report also signals out the most problematic areas: obtaining authorizations, hiring and dismissing procedures, private property registration procedures, tax levels and payment modalities, and bankruptcy declaration process.

A recent national survey, carried out in 2009 (Nicolescu *et al.*, 2010, p. 30) reveals the opinions of entrepreneurs and managers on the main contextual factors that negatively influence the activity and management of private companies (Figure 3). The results indicate a strong connection between the business environment quality and the public management quality. Thus, the main culprit for the poor performance of the private sector seems to be the poor economic and public management, which makes Romania an “unfriendly” business environment for domestic investors also.

1 The World Competitiveness Yearbook is the world’s most renowned and comprehensive annual report on the competitiveness of nations, which analyzes and ranks the ability of nations to create and maintain an environment that sustains the competitiveness of enterprises, by dividing national environments into four main factors: Economic Performance, Government Efficiency, Business Efficiency and Infrastructure. The WCY results for Romania are useful both for the business community as well as for the academic world, but most of all they are useful for the government, allowing them to assess and benchmark their policy success and see how other countries perform.

2 Other Central and Eastern European countries, which had the same government system before 1989 scored much better: Czech Republic (rank 29), Lithuania (rank 31), Slovenia (rank 32), Slovak Republic (rank 33), Estonia (rank 35), Bulgaria (rank 39), Poland (rank 44), Hungary (rank 45). Even candidate countries or potential candidate countries performed better: Croatia (rank 53), Turkey (rank 47).

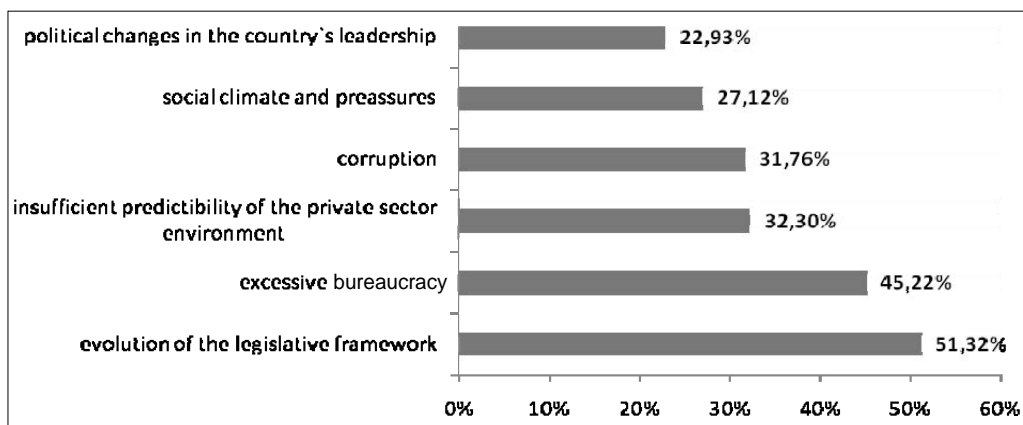


Figure 3: Frequency of the main contextual evolutions that negatively impacted on the private companies' activity and management

Source: Nicolescu, Verboncu and Profiroiu (2010)

In the context of new pressures such as loss of monopoly, greater competition, demand for efficiency and effectiveness correlated with budgetary constraints, globalization etc., the Romanian public sector has to reconsider and reformulate its intervention in the economy, by keeping for itself its original function and roles and delegating service delivery to the private sector. In front of such challenges, Western democracies have opted for public-private partnerships (PPPs) arrangements.

The social and economic context in Romania represents a challenge for public-private partnerships. PPPs are considered to be a viable alternative to insufficient public budgets and inefficient bureaucracies. Another driver for PPPs arose from pressure from citizens, who were increasingly aware of their rights as taxpayers and who demanded high quality public goods and services. The transition to the market economy, the EU integration process, the decentralization process, and also the current financial crisis stand as drivers for better co-operation between the public and the private sector in Romania.

European Union countries are even more motivated to use PPPs because they have to respect the fiscal requirements set by the Maastricht Treaty, which impose on member states a budget deficit below 3% of GDP and a public debt below 60% of GDP. As a consequence, the Maastricht criteria limit the member states' borrowing capacity. However, Eurostat fiscal treatment for PPPs offers the possibility of keeping the PPP project from having a negative impact on the budget deficit, by considering all the assets involved in a PPP as being non-governmental, if two requirements are met: the private partner takes over the construction risk (which covers risks associated with late delivery, poor quality, additional costs, technical faults of the delivered output etc.); and the private partner bears at least one of the following risks: the demand risk (which covers the fluctuation of the demand) or the availability risk (which guarantees the viability of the concessioned infrastructure or utility).

In the current financial crisis context, the cooperation between the public and the private sectors can bring both opportunities and threats. Opportunities are expressed as job creation, generation of new sources of income, new infrastructures and new services, increasing fiscal income, better directing public budgets, better absorption of EU funds. Threats instead are related to tighter lending conditions, decrease in investors' confidence due to high risk and uncertainty, weaker external demand, expressed as number of tenders (given that fewer tenders means a less competitive price for PPPs and higher prices are translated into lower efficiency, which in the end mean less value for money).

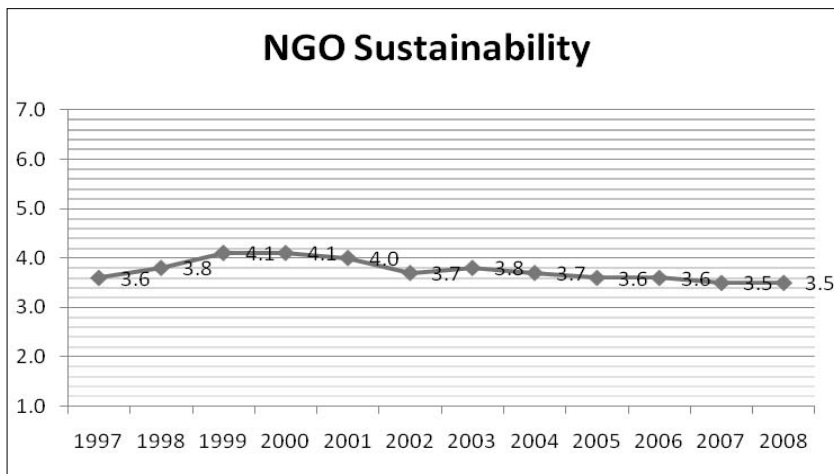
5. Civil Society

No matter how much we take care of the public-private sector interactions, we should not disregard that good governance also implies a relationship based on trust and an active partnership with the civil society. That is why governance reforms seek to engage citizens more fully and effectively in politics and policy-making, most often by strengthening civil society (Brinkerhoff and Crosby, 2002, p. 7).

In well-functioning democracies, non-governmental organizations (NGO) perform a vital function in keeping the actions of the government under scrutiny, calling it to account, and in channeling the active participation of citizens in the public policy debate. The vitality of such organizations is of paramount importance to the emergence of a stable government that is responsive to the needs of its citizens. The growth and development of the not for profit organizations are directly linked to the advancement of a democratic society. Romania's transition from communism to democracy has been an uneven process. Its progress in "closing the chapters" in negotiations with the EU has been slower than that of many other candidates. The total number of NGOs in Romania range between 17,000 and 30,000, but only about 7,000 of them are active.

The United States Agency for International Development (USAID) released in the summer of 2009 the 12th edition of the NGO Sustainability Index, a key analytical tool that measures the progress of non-governmental organizations (NGOs) in the European and Eurasia (E&E) region. USAID tracks the progress of the NGO sector in 29 countries in Europe and Eurasia. Contained in the 12 years collection is a historical record that provides a wealth of data on each country. According to the NGO Sustainability Index, for the first time in recent years, the NGO sector development in Romania has stagnated, with the overall state of the sector remaining the same as in 2007 (Figure 4).

Anchored in solving the needs of the community, constantly challenged to struggle for financial resources, NGOs' participation in the process of policy formulation and monitoring of policy implementation is still limited. The withdrawal of major donors in the context of EU accession makes the sustainability of NGO sector a continuous effort that should be supported, by both communities and governments.



NOTE: Scores range from 7 (early transition) to 1 (consolidation)

Figure 4: Evolution NGO sector in Romania according to the NGO Sustainability Index

Source: United States Agency for International Development (2009)

After Romania became member of the European Union, there is a widespread perception that advocacy campaigns are less effective than they used to be prior to Romania's EU accession. There are also fewer supporters at the political level for NGO advocacy initiatives. Especially, at the regional and local levels, advocacy initiatives have been less visible and less successful.

Nevertheless, examples of successful involvement of NGO in the public debate are still present. In February 2008, the Pro-Democracy Association facilitated a consensus among the main political parties for the introduction of a uninominal electoral system, which was adopted by the Parliament in March. The most recent initiative of the civil society is the creation of a Coalition for Structural Funds.

Concluding, we can say that in the past 12 years there was significant progress regarding the institutional setting on Government and civil society collaboration. A notable development is the creation, in 2007, of the Department of Relations with Civil Society, a governmental body that functions within the Prime Minister's Office. This department promotes and evaluates governmental policies related to the civil society, assuring a dialogue platform between the Prime Minister and civil society, assuring the transparency of the governmental decisions through permanent involvement and communication with civil society.

6. Concluding remarks

Ever since the early 1990s Romania's evolution was a continuous struggle to overcome its status, whatever that was: socialist country, transition economy, EU candidate country, semi-consolidated democracy etc.

During these two decades of struggle, Romania registered both progress and drawbacks. Of course, it is difficult to quantify them all and then draw a line and

conclude whether advances exceed drawbacks or vice versa. The real challenge for every state is however its capacity to maintain and improve the progresses and diminish and overcome deficits.

What we can say for sure is that the stimulus for transformation and for the adoption of most reforms measures in Romania was to a large extent generated by factors outside the national governments, mainly the European Union. After the EU accession, pressure for change diminished, which is why in order to continue the catching-up process, reforms should become a “voluntary” and domestically generated process.

External incentives for reform have therefore proved to be both a lever, as well as an obstructive instrument. In many fields Romania has performed reforms just because it was forced to do so, not because it felt so. If we look at the public sector, we will see that although public administration reform has always been part of all the governmental programs, it has never been a real priority; on the contrary, centralized models were to a large extent preferred and the changes were either too slow or too fragmented.

Although Romania started a new chapter in its evolution, the post-accession chapter, several setbacks lead to a deficit of governance, which spans over many aspects of public life:

- The system is mainly based on expenses, not on results, due to a faulty planning and budgetary control mechanism. Focus is placed on whether the approved sums are spent respecting the legality and regularity rules and not on the results achieved after spending the public money. The budget is based on the nature of expenses and not on programs and public policies with quantifiable results.
- The system shows examples of good practice in the field of EU programs monitoring and evaluation, but cannot offer information about the same type of activities financed by the public budget. In most cases there are not enough human and financial resources for the above mentioned activities. Insufficient financial resources makes it difficult to outsource the assessment and monitoring services, except for those contracted through international technical assistance projects. Insufficient human resources are a consequence of the fact that both offer and demand for technical assistance and training programs in this field are very small.
- The system gives a disproportional importance to norms and laws. This is a generalized trend at the level of PAs and public sector employees, who tend to exaggerate when respecting rules, which leads to confusion between goals and instruments and too much attention given to internal rules and procedures rather than to results. Although a procedure for the formulation, monitoring and evaluation of public policies was issued (compulsory for central PA), it is only formally respected and sometimes even dissimulated, as policy-makers do not really understand the role of that procedure, the reasons why various alternative solutions for the problems on the public agenda must be developed, the need for ex-ante evaluation or the importance of stakeholders consulting.

- The evolution of the system is slow, inert and incapable of adapting to changes in real time. The closer the decision-making process is to the local level, there are more chances for decisions to better adapt to the various changes. Although theoretically Romania is a decentralized state, as the Constitution guarantees local self-government, abolishes hierarchical relations between central and local administration and endows local authorities with extended competences in the fields of education, health, social protection, public utilities etc., in reality things are different because of financial matters. Moreover, at local level, the effects of decentralization are inconsistent and most of the times annual budgets are adjusted during the financial exercise, depending on the fiscal incomes and expenses, forcing various local communities to request supplementary funds.
- The system is reticent to the citizens' and civil society's participation in the decision making process. There are very few occasions when citizens, as taxpayers and non-governmental organizations are invited to take part in more or less formal public consultations. Participation and public consultation are reduced to simple conversations, in an inadequate framework for an effective consultation, many times without being previously prepared. Most of the times they are regarded as events that must be checked off the public or political agenda. Civil society is still not "strong" enough to support an active consultation, as there are several problems related to aggregation of interests, formulations of requests and competences.
- The civil service remains politicized and lacks professional public servants. A good example is the prefect and sub-prefect functions, whose holders are changed whenever a new party comes to power. They are not recruited from a professional corps of civil servants, but are externally selected according to the party's preferences. Recently, a strong politicization pressure tried to transform the positions of directors of ministries' deconcentrated services in positions for the clients of the ruling political party.
- The system continues to produce regulations that induce excessive administrative costs and tasks, despite the administrative simplification efforts undertaken at central level, generating dissatisfaction among beneficiaries. Consequently, in this field a series of deficits emerge, such as low quality regulations due to poor substantiation and inexistence of an integrated approach assessing administrative costs exclusively generated by the national legal framework.

In the end, our conclusion is that since EU adhesion, Romania has tended to discontinue most pre-accession reforms, thus continuing its' post-accession transition pathway. There is no doubt the global crisis is one of the main culprits for the stagnation of reforms and setbacks, but this proves again that Romania's governance practice is not strong enough to deal with critical moments.

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