Romania Report
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Sustainable Governance Indicators 2016
Executive Summary

In November 2015, Prime Minister Victor Ponta resigned in the midst of corruption scandals. His resignation was preceded by repeated calls for Ponta’s resignation from civil society, Romania’s political elite, and politicians from across Europe and the EU such as the chairman of the Bundestag’s Committee on the Affairs of the EU and the President of the European People’s Party. President Iohannis also urged Ponta several times to step down. Ponta was indicted in the Turceni-Rovinari trial based on investigations initiated by the National Anti-Corruption Directorate (DNA), but he agreed to step down only after over 12,000 individuals protested in Bucharest following a deadly fire destroying a nightclub in the capital.

While the courts and the DNA have been successful in prosecuting a number of high-profile cases, they have faced strong opposition by parliament. The quality of democracy has also suffered from the political bias of both the public and the private media and the limited, although increasing, independence of the judiciary. Policymaking has continued to rely heavily on government emergency ordinances, and the Roma minority remain subject to considerable discrimination and social, political and educational exclusion. On the positive side, a reform of the electoral law reduced the hurdles to the creation of political parties and included voting by mail in national elections for Romanians living abroad. The introduction of voting by mail was prompted by the inadequate organization of the diaspora vote in the 2014 presidential elections.

Pervasive corruption in Romania has also eroded the quality of governance. Further problems have resulted from the tense cohabitation between Prime Minister Ponta and President Iohannis. The Ponta government only half-heartedly started to implement the Strategy for Consolidating Public Administration, but managed to substantially increase the absorption of EU funds in 2014/15. While social actors were involved in amendments made to electoral legislation and the fiscal code, few of their recommendations made it into the final legislative pieces. In addition, public calls to postpone legislation were disregarded. Public consultation with social actors has gained traction only since Ponta resigned.
Featuring a growth rate in excess of 3% in 2015, the Romanian economy has been among the fastest growing in the EU. Despite the country’s strong economic growth, however, the unemployment rate has not declined. Spending on active labor market policy is low and badly coordinated with the European Social Fund. Although the fiscal deficit has been under control, the government has been criticized for its pursuit of fiscal loosening since the end of 2014. The main reform in the period under review was the mid-2015 tax reform. However, the government has made only limited progress with health care and education reforms. By introducing “special” pension rights for some categories of workers facing hazardous or other special working conditions, the Ponta government weakened the link between contributions and pensions and created additional fiscal obligations that have an adverse impact on the pension system’s long-term sustainability.

Key Challenges

The year 2016 will prove critical to Romania’s economic and political development. The legacy of former Prime Minister Victor Ponta is one of mixed blessings. On the one hand, the popular dissent which unseated Ponta reflected the exasperation of the Romanian people over the pernicious corruption which plagues all levels of government. Their call for change was directly related to the tragic incident in Bucharest on October 30 2015 when a fire at a nightclub caused the death of 60 people and hospitalization of more than 130. The new Prime Minister Dacian Cioloș, a former EU Commissioner appointed as prime minister in early November 2015, will have to demonstrate willingness and ability to confront the low-level corruption that led to the inadequate enforcement of safety regulations, and sparked the street protests of more than 12,000 people who marched in the capital. The effectiveness, integrity and independence of the judiciary and anti-corruption bodies will continue to prove essential for regaining public trust in the government. The momentum associated with the demonstrations and the resignation of Ponta might help to lock in the required changes.

Ponta’s economic legacy is more promising. While the economy faces the risk of overheating in the short-run, the medium-term prospects look good. Various surveys have found that foreign and domestic business leaders are increasingly confident in the operation of the Romanian economy. A particularly promising sector is the IT sector which benefits from the availability of a large number of qualified IT professionals. While raising concerns about an external domination of the national economy, the ever-growing interest in the Romanian market of multinationals, most notably from Germany, Austria and
the Netherlands, is likely to improve the country’s economic potential and increase economic growth. In order to further increase the attractiveness of the country for investors and to make economic growth sustainable, however, containing corruption, modernizing public administration and improving political stability are of utmost importance.

The local and parliamentary elections scheduled for 2016 raise the risk of electioneering. A number of popular policy measures in the period under review such as the tax reform, the increases in the minimum wage and the introduction of special pension rights for particular occupations were already adopted with an eye to the elections. The new government should resist populist temptations and address concerns about the deterioration of the medium-term fiscal stance. The quality of policymaking would benefit from a strengthening of strategic planning and a more consistent consultation with civil society.
Policy Performance

I. Economic Policies

Economy

With a GDP growth rate above 3% in 2015, the Romanian economy has been among the fastest growing in the EU. Private consumption, which has benefited from tax cuts and strong increases in wages, is the key driver of growth. As the efforts to crack down on corruption and improve governing efficiency have increasingly improved the economic environment for domestic and international players, investment has also picked up. Various surveys have found that foreign and domestic business leaders are increasingly confident in the operation of the Romanian economy. A particularly promising sector is the IT sector which benefits from the availability of a large number of qualified IT professionals. The snowballing multinational interest in the Romanian market should facilitate the economy’s medium-term prospects, though this interest does fuel concerns over external domination of the national economy.

Labor Markets

Romanian policymakers face a dilemma that has been exacerbated by the removal of labor restrictions to Romanian citizens by nine EU countries. On the one hand, low labor costs are needed to attract multinational investors to the country. On the other hand, the country needs to improve job conditions and to raise wages in order to retain qualified workers. The unemployment rate has remained below the EU average, but has not further declined in 2015, despite strong economic growth and substantial out-migration. The employment rate has been increasing in recent years, but is below the EU average. The share of young people not in employment, education or training...
is relatively high. Labor market policies have done little to address these issues. Spending on active labor market policy is low and badly coordinated with the European Social Fund. While passive policies absorb 85% of national spending on labor market policies, the coverage of the short-term unemployed by unemployment benefits is estimated to be among the lowest in the EU.

**Taxes**

After some haggling between the government and the president, the Ponta government adopted a major tax reform in 2015. The amendment of the fiscal code cut the standard VAT rate from 24% to 20% from January 2016 and further to 19% from January 2017. It also reduced the dividend tax from 16% to 5% and eliminated the special construction tax and the extra excise duty on fuel, both of which are to go into effect as of 2017. These changes have reduced the strong and socially regressive reliance of the Romanian tax system on indirect taxes and have thereby increased vertical equity. The tax cuts' negative effects on revenues have been compensated for by strong economic growth and a marked improvement in tax collection. However, Romania’s relatively low fiscal income (among the EU’s lowest) means public services and infrastructure are underfinanced.

**Budgets**

Since the height of the economic crisis, Romania has gradually reduced the budget deficit, largely relying on expenditure cuts. In 2014, one year earlier than planned, the medium-term budgetary objective of a deficit of 1% of GDP in structural terms was reached. Since the end of 2014, the fiscal stance has been loosened by a series of politically popular deficit-increasing measures, the bulk of which were not included in the original 2015 budget. The loosening of the fiscal stance has been criticized for its pro-cyclical character and for worsening the medium-term fiscal outlook. The 2016 draft budget has violated the requirements of the fiscal responsibility law, thus undermining the credibility of the country’s fiscal rules.

**Research and Innovation**

Years of mismanagement and underinvestment in the sciences and industries which drive research development have resulted in a brain-drain of innovators, educators and entrepreneurs. For the 2014-2020 programming period only 15% of the EU funds available to Romania are allocated to R&I. The Ponta government sought to reverse this trend by launching the National Research-Development and Innovation Plan 2015-2020. The plan aims at increasing spending on R&D to 1% of GDP by 2020 and calls for new national and
international projects. The plan concentrates on industries and areas of expertise likely to attract investment from domestic and international sources. It aspires to attract 2% of GDP worth of investment by 2020 which, in turn, could lead to a GDP growth of 3%. Worth noting are two key projects which have elevated Romania’s R&I status internationally in the hope of attracting investment and professionals seeking to conduct research. The first is the Magurele scientific laser project, a fundamental research project under the umbrella of the budding national nuclear physics research sector. The second project to have garnered international attention is Romania’s commitment to participate in the European Space Agency’s (ESA) development of the International Space Station (ISS) and the Ariane 6 rocket program.

Global Financial System

Romania has not been very active on the international scene, but has gradually improved the regulation and supervision of domestic financial markets.

II. Social Policies

Education

Despite efforts in 2014 to reform the 2011 Law on National Education, pervasive problems persist in the education system. The quality and accessibility of education have become major political issues. Prime Minister Ponta and scores of other politicians have engaged in extensive plagiarism, university presidents have been arrested for rigging entrance exams, and many politicians and former secret police (Securitate) agents are allowed to teach political science and security studies in universities outside of Bucharest. President Iohannis’ insistence has forced the government to devise a three-year plan to modernize the system in the key areas of sanitation, resources and rural-urban disparities. A bill proposed by the Ministry of Education in June 2015 would mandate 12 years of compulsory education, create a legal statute to protect teachers and reorganize doctoral studies nation-wide. However, the adoption of these reforms has been hampered by the politicization of the education issue. Prime Minister Ponta slowed reforms by insisting on a thorough consultation with trade unions, parliament, teachers and students.
Social Inclusion
As levels of poverty and unemployment have seen limited improvement since 2014, social exclusion has remained a major issue. Stark vulnerabilities remain a reality for the country’s Roma minority, whose members experience poor access to education and economic mobility, accentuated by discrimination domestically but also more broadly in Europe. Of growing concern is the influx of refugees and migrants from Africa and the Near East. President Iohannis has been outspoken about Romania’s preference for voluntary quotas, despite the European Commission’s efforts to mandate required intake. The issue is far from resolved and in addition to the concerns migrant accommodation raises in regards to their shelter, support and employment, the discrimination which has beset the Roma also threatens to marginalize refugee and migrant peoples arriving from abroad.

Health
Romania has a public health-insurance system. Despite its claim to universal coverage, only 86% of the population was insured in 2014. This coverage deficit has been highlighted by the deadly fire in Bucharest in October 2015, as it turned out that many victims were not insured. The quality and equity of Romania’s public-health system has been undermined by inadequate funding: Romania has the lowest health-budget allocation of any EU member state. Moreover, after a gradual increase from 3.5% of GDP in 2002 to 4.8% in 2010, health-care spending declined again to 4.2% in 2014 and 4% in 2015 budget despite rising health-care demand. As the result of this underfunding and inefficient rules, the de facto availability of many medical services is severely limited, thereby leading to widespread bribe-giving by patients even for basic services as well as to significant inequities in medical-care access. Moreover, the low wages in the health sector have favored the out-migration of doctor and other medical staff. Health Minister Nicolae Banicioiu warned that doctors’ migration to other parts of Europe might leave Romania with a severe shortage within three years. In reaction, the Ponta government adopted a 25% increase to health system staff salaries beginning on 1 October 2015.

A major reform project in 2015 has been the introduction of health insurance cards in mid-2015. A new regulation states that only medical emergencies will be treated in the absence of a health card, otherwise patients unable to present proper identification will be required to pay out-of-pocket for the services they receive. The measure seeks to modernize the health-care system by synchronizing medical information among health-care providers. However, the distribution of the new cards suffered from problems, with thousands of
Romanians queuing up at Health Insurance Houses to request cards they were supposed to have received by mail. Marginalized groups such as the Roma and newly arriving refugees are at risk if unable or unwilling to acquire the newly required documentation, and thus are left to pay out-of-pocket for essential medical services.

**Families**

Romanian parental-leave benefits are relatively generous. Parents can claim parental leave for up to two years, and during the period of parental leave— and for six months afterwards— they have job security and cannot be dismissed. However, overall spending on children and families has remained low. One of the consequences of this low spending is that child-care density has been low. Combined with the shortage of part-time work, the shortage of affordable child care (especially full-time day care) creates a significant obstacle for women attempting to combine parenting and employment. As a result, the total fertility rate has stagnated at 1.4. The problems with combining parenting with participation in the labor market might even be visible in emigration trends. Unlike in the 2000s, women now represent the majority of out-going Romanians.

**Pensions**

In Romania, low fertility rates combined with the massive out-migration of working-age citizens have contributed to a rapidly aging population. Forecasts for 2050 predict that 43% of the population will be over the age of 65— a dramatic increase from the comparable figure of 27% in 2011. These demographic pressures threaten to undermine the pension system’s sustainability, even more so as the actual retirement age continued to decline in 2015 despite an increase in the official retirement age in 2014.

Poverty among pensioners remains a problem as well. The situation is particularly dire in the agricultural sector, where workers of the former agricultural cooperatives were left with very low pensions following the dissolution of these cooperatives after 1990. As a result, many retirees live below or near the poverty limit, and many more rely on support from relatives to supplement their pensions. In part due to their lower pension-eligibility age, women typically have considerably lower pensions than men, and therefore have double the poverty-risk rates.

The year 2015 has seen limited government action to address these problems. Instead, the government reintroduced “special” pension rights for some categories of workers facing hazardous or other special working conditions. In
doing so, it weakened the link between contributions and pensions and created additional fiscal obligations that have an adverse impact on the long-term sustainability of the pension system.

Integration

Romania remains a sending country in terms of immigration and fails to provide adequate incentives to reverse the trend of a shrinking and aging population. A small number of Moldovans receive preferential access to citizenship, education and basic services. Growing numbers of non-European migrants have entered the country in recent years, most recently as part of the larger EU refugee crisis. The inflow of refugees, slight compared to other EU countries, poses a challenge to Romania’s integration capacity. Initial statements from President Iohannis revealed Romania’s preference for voluntary quotas and its ability to receive no more than 1,700 migrants and refugees who have fled to Europe from persecution and desperate economic conditions in Africa, the Middle East and Afghanistan. A mandated quota of 4,837 refugees passed down by the EU initially stirred resentment, but quickly progressed into a planning and preparation process that accommodated the first arriving refugees on 15 September 2015. The issue is far from resolved. In addition to the concerns migrant accommodation raises in regards to their shelter, support and employment, the discrimination which has beset the Roma threatens to marginalize refugee and migrant peoples arriving from abroad. The influx of refugees presents both a challenge and an opportunity to Romania’s immigration and integration mechanisms. On the one hand, the resources and programming required to adequately integrate newcomers will be tested. On the other hand, an increase to the overall population will help compensate the fiscal effects of a shrinking and aging populace.

Safe Living

Romania’s homicide and violent-crime rates have remained relatively low, and the Directorate for Investigation of Organised Crime and Terrorism (DIICOT) has proven active and effective in the fight against organized and cross-border crime. The most significant incident involving the safety of civilians occurred on 30 October 2015, when a fire at a night club in Bucharest broke out and caused the death of 60 people and hospitalized more than 130. The tragedy, largely seen as a result of inadequate enforcement of safety regulations, sparked outrage which led to a protest of more than 12,000 people marching in the capital. The refugee crisis has raised concerns over smuggling, illegal immigration and the fostering of organized crime networks. The cross-border dimension of cyber-related criminal activity was recognized by a cooperation agreement between Romania and the United States.
Global Inequalities

Even though Romania became a development assistance donor following its EU accession, the Romanian government shows limited engagement in international efforts to promote equal socioeconomic opportunities beyond its borders, particularly in developing countries. The flow of refugees and migrants from the Levant, North Africa, and further abroad dominated Romania’s attention in the period under review, as the country sought to negotiate and implement solutions at the transnational, regional and national levels. In addition to participating in consultations held by the European Commission, President Iohannis spoke to the United Nations General Assembly on the need for comprehensive solutions to the flow of migrants into Europe.

III. Environmental Policies

Environment

Environmental problems persist in Romania and remain largely unaccounted for in national government action. A variety of illegal forestry and resource activities persist, stemming from corruption and weak oversight on behalf of the government. In spite of the actions of the Ministry of Environment, Waters and Forestry, led by Minister Gratiela Gavrilescu, the country faces significant challenges in managing its relations with large multinational corporations that seek to operate under the weakly regulated environmental regime. An important example is the case of the Roşia Montană Gold Corporation (RMGC), which has for years sought permission to conduct a gold-mining project that would bring jobs and economic prosperity to a small Transylvanian village. The eventual rejection of the permission by the Ponta government in 2014, which came in light of potential environmental damage and popular protest to the project, prompted the company to seek arbitration at the International Centre for Settlement of Investment Disputes (ICSID) in mid-2015.

Increased taxation on landfill waste and fines levied by the National Environment Guard have marginally contributed to improving the environmental situation, but also yield corruption concerns. A sizeable $1.56bil investment pledged by KMG International over the next seven years to improve environmental management has spurred optimism for improving Romania’s natural environment. Similar optimism has arisen from a 2015
European Commission investment program totalling € 9.5 billion aimed at improving Romania’s environmental, energy and transportation sectors. Provided the expenditures related to these opportunities can be efficiently managed and programmed, measurable improvement to Romanian environmental practices may well be on the horizon.

**Global Environmental Protection**

Since 1992, Romania has ratified more than 20 international environmental treaties. It was the first country to ratify the Kyoto Protocol in 2001. It has also made efforts to transpose the European Union’s Environmental Action Program (EAP) under the National Sustainable Development Strategy of Romania for 2013 – 2020 – 2030. However, it has not played a very active role in the design and promotion of global environmental-protection regimes.
Quality of Democracy

Electoral Processes

Electoral legislation was amended in the first half of 2015 with an eye to the upcoming local (June 2016) and parliamentary (November/December 2016) elections. One amendment substantially lowered the – hitherto rather high – stakes involved with establishing a political party from 25,000 signatures drawn from at least 18 counties to the same number of signatures from only three counties. However, the law on political parties still requires parties to meet certain signature and candidate quotas in order to remain in political party registries. This threatens local parties active in only one region. Moreover, as part of electoral law reform, the signature threshold for candidates in mayoral elections was increased.

Little progress has been made in regards to access to media by political parties in the year under review. The entirety of the November 2014 presidential elections was characterized by biased coverage based on the political agendas of media owners and sponsors. The pro-government bias continued after the elections because the Social Democrats changed the leadership of the public broadcaster to ensure media reports in their favor. In June 2015, the Ponta government passed an emergency ordinance establishing a significant fund for television stations, prompting criticism of government intentions in the months leading to the 2016 elections.

The fact that thousands of Romanians abroad had been unable to cast their votes in the 2014 presidential elections prompted a considerable discussion on long-distance voting mechanisms in the period under review. In November 2015, parliament agreed to allow for voting by mail in the 2016 parliamentary elections. While the introduction of voting by mail as such was broadly welcomed, critics have criticized parliament’s unwillingness to consult civil society in adopting such an important law and the fact that voting by mail is restricted to Romanians abroad. Moreover, there are concerns about the lack of provisions for tracing mailed ballots and about the uncertainty that the postal services could deliver every ballot on time.

Political parties’ funding sources include party membership fees, donations, income from the party’s own activities, and subsidies from the state budget. The maximum level of membership fees is limited by law, and all political
parties have the obligation to publish these contributions in the Romanian Official Journal. Anonymous donations received by a political party cannot exceed 0.006% of its fiscal-year funding from the state’s budget, and the total amount assigned annually to political parties cannot exceed 0.04% of the budget itself. In May 2015, parliament passed a law requiring political parties to declare loans (and repay them within three years) in addition to donations received. Moreover, parties receiving more than 3% of the general vote would have electoral expenses repaid within 90 days from the state’s central budget instead of the local one. While this law addressed certain critical issues concerning party financing, it did little to prevent fraud and did not address concerns about underground funds. Furthermore, while laws and regulations governing party financing are in place, their implementation is lagging. Parties circumvent regulations through a variety of methods such as the creation of fictitious positions and party structures, thus enabling them to hide additional sources of income. As a result, spending by parties and candidates surpasses their declared resources, and true donor support exceeds parties’ stated income. Sanctions are rare even in cases of blatant legal breaches.

According to the Romanian constitution, national referendums are required automatically for any revision to the constitution (as happened in 1991 and 2003) and following the impeachment of the president (as in 2007 and 2012). In addition, the president can (after consultation with parliament) call for referendums on matters of national interest, as in the case of the 2007 electoral-system referendum and the 2009 referendum on parliamentary reform. For referendum results to be legally binding, turnout needs to be above a certain threshold, which was lowered from 50% to 30% by a law passed in May 2013. Given that several earlier referendums, including the July 2012 referendum to impeach President Basescu, were invalidated for failing to reach the 50% threshold, this law could increase politicians’ temptation to resort to referendums to settle political disputes. In the period under review, however, no referendum was called. At the county level, citizens can initiate referendums. However, such initiatives are subject to approval by county councils and have remained rare.

Access to Information

While the 2011 civil code, the broadcast law, and the laws on the organization and functioning of the public media services have advanced the cause of media freedom, parliament has continued its efforts to control media outlets. Anti-government protests during and after the November 2014 elections went untelevised on certain stations due to political bias. In June 2015, a government emergency ordinance aimed at creating a €15 million fund for television stations fed on suspicions of government interference with the stations before the upcoming local and parliamentary elections in 2016.
Moreover, the parliamentary initiative by Social Democratic Senator Serban Nicolae to impose three-year prison sentences on anyone who publicizes information about ongoing criminal investigations, which is still on the agenda of the Chamber of Deputies, constitutes a serious threat to media freedom and the right to information in general, and investigative journalism in particular.

There are hundreds of radio and television licenses in Romania, suggesting that Romanians have access to a multitude of information sources. But these sources lack diversity and predominantly represent the views of only the two major political parties. Most national news channels tend to minimize information which does not serve the interests of their political allies, as evidenced during and after the 2014 presidential elections. Several of the largest TV stations in Romania, including Antena 3 and Romania TV, are owned by businessmen with close ties to Prime Minister Ponta’s governing coalition. The credibility of a variety of news sources has further suffered from the criminal investigations and/or arrests of prominent media moguls.

Citation:

Law 544/2001, known as the Freedom of Information Act (FOIA), ensures citizens’ access to public information. Its remit creates obligations for all central and local state institutions, as well as public companies for which the state is the majority shareholder. Along with ministries, central agencies and local governments, public universities, hospitals, and many off-budget central and local public companies have to comply with the terms of law 544. However, actual enforcement differs from the terms of the existing legislation. Privacy and secrecy considerations often trump the transparency principle. Media and civil-society organizations have launched public protests and legal disputes seeking to set precedents and invigorate the already codified procedures.

Citation:

Civil Rights and Political Liberties

Civil rights are guaranteed by the constitution and are generally respected in practice. Romania responded to decisions by the European Court of Human Rights by adopting a new civil procedure code, which came into effect in
February 2013, and by passing new legislation on the restitution of property seized in communist times in March 2013. However, court protections have continued to suffer as a result of long and unpredictable proceedings. Poor detention conditions in Romania’s penitentiaries also remain a problem.

The Romanian state largely concedes and protects the right to speak, think and assemble without any government interference or restraint. Infringements of this right occur, but have been rare. In the period under review, however, two legal initiatives have raised fears about a violation of freedom of speech. Critics have argued that the sharpening of the 2002 law against the incitement of the people in July 2015 went too far and has raised the risk of censorship. Likewise, a draft law that was brought in by the Social Democratic Party and aimed at preventing “social defamation” was broadly criticized for turning criticism of political parties into a crime.

The Romanian state has been ineffective in countering discrimination against a number of vulnerable groups, including members of the LBGT community, adults and children infected with HIV, people with disabilities, and the country’s large Roma minority. The civil code still prohibits same-sex partnership and marriage, and fails to recognize any such marriages registered abroad. In the period under review, a variety of institutions and countries have called on the Romanian government to take action against the prevalent discrimination occurring country wide. In September 2015, Officials from the European Commission Against Racism and Intolerance recommended that Romanian authorities enforce legislation to penalize discrimination, initiate a public awareness campaign, and provide training to societal actors such as teachers, police officers, and judges. In June 2015, a United States Embassy in Bucharest report raised concerns about violence and discrimination against women, systematic discrimination against Roma, and societal discrimination targeting the LGBTQ population as well as those affected by HIV/AIDS.

Rule of Law

Policymaking has continued to be haphazard, relying heavily on government emergency ordinances (OUG) as legal instruments. Since Article 115 of the constitution provides for OUGs only in exceptional circumstances, their frequency represents an abuse of the government’s constitutional powers and undermines legal certainty. The power vacuum in a number of municipalities after many local officials were removed from their positions on corruption charges revealed a legal void. In a prominent case, central government ignored a court decision, stepped in and started to appoint officials at the local level without a legal basis. To give the appointments the appearance of legality, the government then amended the law on local public administration so it can now act freely by issuing emergency ordinances.
Standards within Romania’s judiciary are undermined by internal corruption scandals and government efforts to influence court rulings. However, the judiciary has become more professional and independent. Despite strong political pressure on the judiciary, often exercised via the media, the courts have indicted and convicted prominent politicians, most notably Prime Minister Ponta (who, tellingly, alleged President Iohannis’s involvement in the indictment). The Constitutional Court of Romania effectively repealed “big brother” legislation infringing on privacy and detention rights.

According to Article 142 of Romania’s constitution, every three years three judges are appointed to the Constitutional Court for nine-year terms, with one judge each appointed by the Chamber of Deputies, the Senate, and the president of Romania. Since there are no qualified-majority requirements in either the Chamber of Deputies or the Senate, and since these appointments occur independently (i.e., they do not need to be approved by or coordinated with any other institution), Constitutional Court justices are in practice appointed along partisan lines.

Corruption has been a major political issue in Romania. The demonstrations that took place in after the deadly fire in a nightclub in October 2015 targeted the entire political class with the slogan “Corruption Kills.” While the courts and the National Anti-Corruption Directorate (DNA) have been successful in prosecuting a number of high-profile cases, they have faced strong opposition by the parliament. In 2015, the DNA indicted over 1250 defendants, including the acting prime minister, former ministers, members of parliament, mayors, presidents of county councils, judges, prosecutors and a wide variety of senior officials. The Romanian parliament continued relentlessly in the disturbing habit of legislating loopholes that facilitate corrupt practices or delay prosecutorial work by postponing immunity-lifting for members of parliament. In the period under review, parliament refused about one-third of requests from DNA for the lifting of immunity of members of parliament to allow for the opening of investigations or the application of preventive detention measures, and it has done so in an unpredictable manner. Overall, despite robust inter-party competition, a consensus prevails that state oversight institutions and anti-corruption agencies should have their mandates curtailed to allow the political elite to retain opportunities for illicit enrichment.
Governance

I. Executive Capacity

Strategic Capacity

Policymaking in Romania has suffered from a lack of strategic planning. The most important strategic-planning unit within Romania’s government is the Secretariat General of the Government, which was established in 2001. The Secretariat General is in charge of developing the Integrated Strategic Plan and overseeing its implementation. Members of the Secretariat General can take part in cabinet meetings. In practice, however, the role of the Secretariat General and the Integrated Strategic Plan have been limited. In order to strengthen strategic planning, the World Bank committed financial support of $6.04 million for the creation of a delivery unit “to help focus political attention on a limited set of priority objectives” at the end of 2014.

Scholarly Advice

The cooperation between the Romanian government and non-governmental academic experts is only weakly institutionalized. However, the year under review witnessed improvements in the Romanian government’s efforts to collaborate with non-governmental academic experts. In April and May 2015,
the Ministry of Foreign Affairs organized two consultation sessions with legal experts and ministers from the Netherlands and Spain concerning Romania’s initiative to create an International Court to combat terrorism. In October 2015, Prime Minister Ponta initiated a Coalition for the Integration of Refugees featuring monthly meetings with of authorities and NGOs well-versed in this field.

**Interministerial Coordination**

The prime minister evaluates important draft bills. The Chancellery of the Prime Minister (of which the prime minister is the head) is one of the bodies responsible for the evaluation of national programs, and consists of about 15 state counselors with varying degrees and depths of expertise. However, no unit is responsible for policy evaluation and, as a result, ministry proposals are not always assessed properly in terms of their content.

Citation:


Both the Prime Minister’s Chancellery and the Secretariat General of the Government can formally return proposals to line ministries. Whereas the Secretariat General of the Government focuses on technical issues, the Prime Minister’s Chancellery can and does return items on policy grounds.

Policy proposals are usually drafted within ministries. The Secretariat General of the Government provides technical support for policymaking. The Prime Minister’s Chancellery usually becomes involved only after the compulsory public-consultation procedures are finalized. While the prime minister occasionally gets publicly involved in debating certain legislative proposals and may contradict line ministers, the final decision on the content of the policy proposal tends to be made by the line ministry.

Ministerial committees composed of cabinet and non-cabinet members (state secretaries, agency directors) can play an important role in shaping policy decisions on issues that involve multiple ministries. However, de facto coordination of the process is typically led by the line ministry initiating the policy proposal.

Much of the coordination takes place in interministerial committees, which are usually presided over by a minister and composed primarily of secretaries of state (political positions) and top civil servants. These committees seem quite effective. In the absence of interministerial committees, normative acts are
subject to interministerial consultation by being sent for review to the ministries affected by each act. If ministries do not respond to the review request within five days, the non-response is considered tacit approval. Prior to government meetings discussing a particular legislative proposal, the Secretariat General of the Government organizes working groups between the representatives of ministries and agencies involved in initiating or reviewing the proposal in order to harmonize their views. While these procedures promote coordination, the capacity limitations of many ministries and the short turnaround time allowed for review undermine effective review and hence allow for only superficial coordination in many cases.

Informal coordination mechanisms – often based on partisan affiliations in the case of political appointees – can act as a double-edged sword. In some instances they complement formal mechanisms of interministerial coordination, while in others they undermine these mechanisms’ functioning.

**Evidence-based Instruments**

RIA-related procedures were introduced in Romania in 2005. At least in theory, legislative proposals cannot enter the legislative process without RIA approval from the Public Policy Unit (PPU) located in the Secretariat General of the Government (GSG). In practice, however, the use and the quality of RIA is highly uneven. As part of an action plan to boost U.S.-Romanian trade, presented in the context of a visit to Romania by U.S. Vice President Joe Biden in May 2014, Prime Minister Ponta announced an overhaul of the RIA system. To date, however, no tangible evidence of this overhaul exists, and the new Cioloș government did not make the overhaul one of its priorities.

The legislation explicitly states that the RIA process should integrate other impact-assessment methodologies, especially those related to economic- or environmental-impact assessment. The public policy unit, located in the General Secretariat of the Government, is the central RIA coordination unit, and addresses functions such as the improvement of ex ante impact assessments, state-capacity evaluations, and intra-governmental epistemic exchanges. Although the access-to-information legislation stipulating that results should be posted for 30 days on ministerial websites is usually respected, the majority of RIA processes involve stakeholders or transparent methodologies such as public hearings, surveys or debates to only a small degree. Moreover, in practice RIA exists in many areas mainly on paper, and has been primarily aimed at assessing potential legal conflicts arising from new proposals rather than focusing on their policy impact. However, in some areas (such as environmental policy), there has been greater progress toward true policy-based RIA.
In theory, the RIA methodology manual requires that sustainability concerns be incorporated in assessment reports. In practice, most such reports are primarily legalistic and pay limited attention to issues of sustainability. The consideration of sustainability in Romanian regulations tends to be the result of EU directives.

**Societal Consultation**

Consultation with societal actors remained limited in 2014 and 2015, with emergency ordinances used on a regular basis. While the government consulted social actors in discussing amendments to electoral law and the Fiscal Codes, few of the recommendations made by social actors were integrated into the reforms. The government also ignored public calls to postpone legislation. In October 2015, Prime Minister Ponta initiated monthly meetings on the issue of refugees, where interested state authorities and NGOs could discuss refugee integration. After Ponta’s resignation, Iohannis invited the protesters and some publicly recognized NGOs to take part in consultations with him. On 6 November 2015, twenty civil-society leaders representing the Group for Social Dialogues, the Union of Romania’s Students, Freedom House, the Foundation for the Development of Civil Society met with the president. In a statement issued by the administration “civil society will continue to be in the future a partner for dialogue of the Presidential Administration and similar consultations will be held regularly.” Though presently symbolic in nature and without long-term tangible impacts, the promise of greater societal consultation represents a beacon of hope for Romania’s democratic future.

**Policy Communication**

The Ponta government has been only partially successful in its attempts to coordinate communication across ministries. Romanian media organizations have repeatedly reported contradictory statements issued by various ministers and the prime minister, undermining the coherence of the government’s message. An extreme case was the legislation on increasing the pensions of members of parliament in June 2015. In order to shift the blame for the passage of this unpopular law to others, members of parliament and government officials alike have made contradictory statements regarding who has sponsored the law.

**Implementation**

The Ponta government met only part of its relatively vague self-declared policy objectives. While it presided over a booming economy and succeeded in
increasing the absorption of EU funds, it did not bring the promised parliamentary and government stability and led only half-heartedly the announced fight against corruption. It managed to increase the minimum wage, substantially raise wages in the health sector and expand spending on R&I. At the same time, the tax reform associated with the amendment of the fiscal code remained the main structural reform realized in the period under review. The announced education and public administration reforms have progressed only slowly.

The prime minister can dismiss ministers for not implementing the government program, though in practice these powers are circumscribed by the fact that such a move can trigger political backlash against the prime minister, especially if the ministers are from a coalition partner whose continued cooperation is crucial for the survival of the government. While cabinet meetings are supposed to ensure that the policies of different ministries are in line with the overall government agenda, ministers nevertheless have a lot of leeway in deciding policy details within their “fiefdoms.” While the prime minister can punish significant deviations from the government agenda by allocating smaller budgets to certain ministries in the following budget, such punishments are nevertheless constrained by coalition politics and by the political costs inherent in cutting funds for certain ministries (such as education or health).

The government has a special office in charge of monitoring the activities of line ministries and other public bodies, the Control Body of the Prime Minister. While suffering from having limited staff and resources, this office monitors the activity of most line ministries fairly effectively. It has been criticized for dubious political interventions.

The monitoring of agencies in Romania has been plagued by political clientelism and the capacity reduction suffered by many ministries following the often-haphazard personnel reductions associated with the austerity measures adopted in 2010 – 2011. Many agencies fail to provide information on their websites, which is in violation of decisional transparency legislation.

The funding of subnational governments remains a serious problem in Romania. Most localities are strongly dependent on discretionary allocations from the central government, which are predominantly allocated along partisan criteria. The Ponta government significantly expanded the state reserve fund, a major instrument in providing such allocations.

Autonomy of subnational units is often curtailed by fiscal measures enforced from the central level. The allocation of discretionary financial transfers and investment projects to municipalities and counties along partisan lines has
persisted throughout the period under review.

The central government generally tries to ensure that subnational governments realize national public-service standards. However, enforcement is sometimes undermined by the inadequate funding provided to subnational governments, which undermines their capacity to deliver services meeting national standards.

Adaptability

Romania has only partially succeeded in adapting its domestic-government structures to international developments. Interministerial-coordination weaknesses have undermined EU-related coordination, and problems have also persisted in recent years regarding the absorption of EU funds. However, the country has been making progress in the latter case in the year under review. In 2014, the absorption rate rose to 51.81% (3.5 times higher than the end of 2012). Furthermore, in 2014-2015 the government approved high-budget projects such as the Large Infrastructure Operational Programme, the National Rural Development Programme, the Technical Assistance Operational Programme, and the Competitiveness Operational Programme (among others) to ensure the future absorption of EU funds.


Romania’s NATO and EU accession were celebrated as significant milestones and part of a reunification process with Western Europe following the collapse of communism. The Romanian government has been supportive of international efforts to provide global public goods. Thus, Romania has sent troops to Afghanistan as part of the NATO mission, and supported international efforts to combat climate change. In the year under review, Romania contributed the initiative of an International Criminal Court against Terrorism to the United Nations, a notion attracting support and interest from a multitude of member states. This is somewhat atypical, as Romania generally has played a more modest role in shaping such international campaigns for capacity reasons.

Organizational Reform

Romania’s institutional arrangements of governing, including the number and organization of ministries, change rather frequently. However, there is no
systematic and regular self-monitoring of institutional arrangements.

While successive governments have pursued institutional changes with the publicly declared goal of improving the government’s strategic capacity and the effectiveness of public policymaking, most institutional changes have in reality been driven by short-term tactical calculations in the pursuit of partisan objectives and/or electoral gains. The Ponta government only half-heartedly started to implement the Strategy for Consolidating Public Administration agreed upon with the EU. It initiated working groups to reform public administration and encouraged ministries, the Chancellery, and the General Secretariat of the Government, among other institutions, to implement recommended changes. However, the government lacked commitment, so that changes remained shallow and ineffective.

II. Executive Accountability

Citizens’ Participatory Competence

The majority of Romanian citizens have very limited knowledge about government policies. This reflects both the low quality of media reporting and a far-reaching lack of trust in the political system.

Legislative Actors’ Resources

The Romanian parliament has a Department of Parliamentary Studies and EU Policies, which offers members of parliament research support and library access and can prepare research reports at the request of members of the standing bureaus of the two chambers, as well as of the leaders of the parliamentary groups and the chairs of the parliamentary committees. However, a common complaint is that the parliament’s resources are channeled to activities such as building maintenance rather than to those directly involving the main functions of a national legislature. Independent legislators have access to few material resources; moreover, little expertise is readily available, and lawmakers often rely on assistance from former parliamentarians or political-party staff rather than independent experts. Even when independent experts are called to provide their opinion on various aspects of government activity, these points of view might not be reflected in the reports and studies produced by the department.

Citation:
ROMANIAN PARLIAMENT: CHAMBER OF DEPUTIES (2015) Department for Parliamentary Studies
According to Article 111 of Romania’s constitution, “the government and other agencies of public administration shall, within the parliamentary control over their activity, be bound to present any information and documents requested by the Chamber of Deputies, the Senate, or parliamentary committees through their respective presidents.” However, this access is limited in case of documents containing classified information, especially with respect to national security and defense issues. Members of parliament also complain about delays in the provision of documents and information.

According to Article 54(1) of the Chamber of Deputies Regulations, ministers are permitted to attend committee meetings, and “if their attendance has been requested, their presence in the meeting shall be mandatory.” Furthermore, ministers are requested to present a work report and strategy of their ministry before committees once per session. Notably, the frequency with which ministers attend committee meetings is not documented.

According to Article 55(2) of the Chamber of Deputies Regulations, “committees may invite interested persons, representatives of non-governmental organizations and experts from public authorities or from other specialized institutions to attend their meetings. The representatives of non-governmental organizations and the experts may present their opinions on the matters that are under discussion in the Committee, or may hand over documents regarding the matters under discussion to the Committee President.” The frequency with which experts are invited has differed among committees.

The number of commissions in the Senate and the Chamber of Deputies is roughly in line with the number of ministries in the government. However, the legislature’s oversight capacity is reduced by the incomplete match between ministries and parliamentary committees. For instance, the task areas of the Committee on Health and Family of the Chamber of Deputies overlap with both the Ministry of Health and the Ministry of Labor, Family, Social Protection and Elderly, while the latter ministry also falls under the
supervision of the Committee for Labor and Social Protection. In the period under review, various changes in the portfolios of ministries or committees have increased task area congruence. As a result of the creation of an Independent Committee on the Environment and Ecological Balance (previously part of the Committee for Public Administration and Territorial Planning), the Ministry of Environment, Waters and Forests now has a clear counterpart. Likewise, the new Ministry of Regional Development and Public Administration better aligns with the priorities of the Committee for Public Administration and Territorial Planning.

Audit Office
Score: 9

The Court of Accounts is an independent institution in charge of conducting external audits on the propriety of money management by state institutions. Parliament adopts the budget proposed by the court’s plenum and appoints the court’s members, but cannot remove them. The court president (currently former Prime Minister Nicolae Vacaroiu, who has served in this position since 2008) is appointed by parliament for a nine-year term from among the counselors of account. Thus while court presidents tend to be appointed on a partisan basis, they are not always representing the parliamentary majority. The court submits to parliament annual and specific reports that are debated in the legislature after being published in the Official Gazette. The annual public report articulates the court’s observations and conclusions on the audited activities, identifies potential legal infringements, and prescribes measures. The fact that the Court of Accounts was criticized in 2015 by Prime Minister Ponta and Minister Liviu Dragnea for its excessive audits documents the independence of the court and the quality of its work.

Ombuds Office
Score: 3

Following the dismissal of Gheorghe Iancu as ombudsman in July 2012, the ombuds office has undergone a period of instability and ineffectiveness. Anastasiu Crisu, whose appointment in January 2013 was criticized as partisan by both the opposition and the European Commission, resigned in December 2013 after challenging only one of the government’s 114 emergency ordinances (OUGs). The role was taken over in April 2014 by former prime minister and senator, Victor Ciorbea, who initially received considerable criticism due to his failure to bring the highly controversial OUG 55/2014 to court and was thus considered more of a political puppet. In 2015, the Office had a low profile and did not play any substantial advocacy role.
Media

Media coverage of government decisions and action on the television stations and newspapers holding the highest market shares is highly partisan, largely focusing on political scandals and key politicians’ personalities rather than in-depth policy analysis. While government officials often appear on political talk shows to discuss government plans and decisions with political analysts, the format and style of these shows (where participants often interrupt each other and primarily try to score rhetorical points) is not very suitable for providing nuanced and contextualized analysis of government decisions. Nevertheless, there is a clear minority of mass-media brands, such as the Digi 24 television station and HotNews.ro, an online news source, that produce higher quality, less partisan and more in-depth information. NineOClock.ro also serves as a useful political news outlet, but is produced in English and targets a foreign market. These sources – as well as some of the more serious print media (such as the 22 weekly) – have much smaller market shares than do television stations specializing in political infotainment, particularly the Antena 3 television station.

Parties and Interest Associations

The major parties on the Romanian political scene have similar intra-party procedures, which limit the influence of rank-and-file party members and exclude non-party members from party decision-making processes. The selection of leaders in all major parties is based on delegates elected from the territorially based party organizations (based on quotas decided by the party leaderships) in national party congresses that meet every four years unless emergency congresses are convened. Beyond this, however, most important personnel and issues are decided by a small group of party leaders with little, if any, input from party membership. The de facto degree of intra-party democracy depends on the relative political power of different party leaders and factions, and tends to be inversely proportional to the party’s electoral success.

While policymaking in Romania is often influenced in a particularistic fashion by individual business interests, business associations are rather weak and have played a minor role in proposing concrete policy measures, much less in offering cost–benefit analyses of the likely effects of such policies. The potential for such engagement is further reduced by the fact that Romania does not have a coherent regulatory framework for lobbying. The Romanian Lobbying Registry Association (RLRA), a weak non-profit, non-governmental private organization, has unsuccessfully petitioned in favor of regulations in
the area. In the period under review, business associations have played an active role in the formulation of the 2015 Fiscal Code.

Even though union density is fairly high in Romania, union structure is fragmented and weakly developed, and rank-and-file members are increasingly alienated from a self-serving leadership. Unions have not played an active role in policy formulation. However, under the Ponta government, which has comparatively close ties to labor unions, unions have scored some political victories.

NGOs have significant analytical capacities, especially in areas such as environmental policy and social protection. However, many NGOs have suffered from a lack of resources and have been dependent on international financing. The Romanian Orthodox Church, which represents as much as 85% of the population, has been a powerful actor, but has promoted a relatively narrow agenda. When the amendment to the fiscal code in 2015 renewed public debate on the many tax exemptions and subsidies the church enjoys, the church used its political influence to defend its privileges.
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