Romania Report
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Sustainable Governance Indicators 2020
Executive Summary

From December 2016 to November 2019, Romania was governed by a coalition between the Social Democratic Party (PSD), the clear winner of the elections, and the Party of the Alliance of Liberals and Democrats (ALDE). After a succession of two short-lived prime ministers, Viorica Dăncilă (PSD) became prime minister in January 2018. PSD leader Liviu Dragnea, whose voting fraud conviction and eventual imprisonment in May 2019 barred him from holding office as prime minister, pulled the strings of these events behind the scenes. In October 2019, the PSD-ALDE government collapsed when ALDE changed sides. In November 2019, a minority government led by Ludovic Orban, the leader of the National Liberal Party (PNL), was sworn in.

In the period under review, the strong polarization between the governing coalition and the center-right opposition continued. The opposition, backed by President Klaus Iohannis, a former chairman of the PNL, took to the streets and used all available parliamentary means to derail the governing coalition’s attempts to strengthen its ability to influence the judiciary and undermine the fight against corruption. In turn, pro-government supporters criticized Iohannis and the opposition for not accepting the results of the parliamentary elections and for instrumentalizing the judiciary and the National Anti-Corruption Directorate (DNA) as an illegitimate means of climbing back to power. The polarization was further fueled by the presidential elections in November 2019, which were handily won by Iohannis.

The quality of democracy in Romania has not only suffered from the government’s attempts to control the judiciary and undermine the fight against corruption. The limited number of polling stations among the diaspora in Europe restricted the ability of some Romanians abroad to cast their ballot in the European Parliament elections on May 26, 2019. Media freedom and pluralism remain limited, as the government exerts strong control over the public media, and most private media are owned by shady, politically well-connected oligarchs who do not respect editorial independence. The Dăncilă government continued to make widespread use of government emergency ordinances (OUG), thereby undermining legal certainty and the quality of laws. Concerns about the erosion of democracy in Romania have led the European Commission to launch an article 7 procedure against the country.
Despite the political turbulences, the Romanian economy continued to grow by about 4% in 2019. As in previous years, growth was stimulated by tax cuts and strong wage increases and is accompanied by high, and increasingly unsustainable, deficits in the fiscal balance and the current account. The 2019 pension reform has raised further concerns about the sustainability of the public finances. The Dăncilă government did little to address long-standing problems such as a weak education and R&D system, poor infrastructure, cumbersome procedures for businesses, low labor market participation and a lack of qualified labor. The strong wage increases at home have not sufficed to bring the many Romanians abroad to return in their country.

Institutional reform under the Dăncilă government was confined to changes in the portfolios of ministries. Upon coming to office, Dăncilă split the Ministry for Regional Development, Public Administration and European Funds into two separate ministries and abolished the Ministry of Public Consultation and Social Dialogue. However, these changes failed to improve the government’s strategic capacity. The absorption of EU funds remained low, and public consultation became even less important. There were no institutional reforms to address long-standing problems such as limited planning capacities or the low quality of RIA. The pledged reforms of subnational administration were not adopted. However, the Dăncilă government managed to make Romania’s presidency of the EU Council in the first half of 2019 relatively smooth.

Key Challenges

In December 2019, Romania celebrated the 30th anniversary of the anti-communist revolution marking the country’s transition to democracy and a market economy. The revolution brought freedom in many forms to Romanians, as well as other rights considered inconceivable under the dictatorship of Nicolae Ceausescu. Despite these achievements, however, there have been many frustrations boiling to the surface in the year under review, and the new government of Ludovic Orban will face a number of challenges.

The most important challenge relates to the intertwined issues of corruption and judicial integrity. Until 2017, Romania drew considerable acclaim for its judicial reforms and anti-corruption efforts. The country’s efforts were widely regarded as a model for other countries such as neighboring Bulgaria or Ukraine. The efforts by the PSD/ALDE coalition to roll back judicial reform and anti-corruption efforts have squandered these achievements. They have reduced the public trust in state actors and institutions and have damaged Romania’s international standing. Restoring the independence and integrity of
the judiciary and relaunching the fight against corruption, thus, should be priorities for the new government.

Such reforms are likely to help with addressing another severe problem. The medium- and long-term economic outlook increasingly suffers from a lack of qualified labor. This derives in part from the low rate of labor market participation. Massive emigration is another key factor. Some 18.2% of the country’s population – including nearly two in five Romanians with a higher education – live abroad. While emigration has helped keep unemployment low, it has also resulted in labor shortages and brain drain. The healthcare sector, for instance, faces an unprecedented shortage of qualified personnel, as doctors and nurses have left for higher paying jobs in the EU. The PSD/ALDE government tried to encourage Romanians to return by increasing domestic wages. Structural reforms that would provide the population attractive prospects are, however, just as important as increased wages. In addition to the aforementioned judiciary reforms and efforts to strengthen democracy, there are also overdue reforms needed in the education system, the healthcare sector and R&I institutions. Such reforms would make a return back to Romania – particularly for the many qualified individuals who have emigrated – more attractive.

Romania’s dire fiscal situation complicates any efforts to launch such reforms. The PSD/ALDE governments ran rather high fiscal deficits, and the fiscal pressures are widely expected to increase even more. Exercising fiscal discipline will not be easy, especially with parliamentary elections on the agenda in late 2020 or early 2021. Without attempts at fiscal consolidation, however, Romania is likely to run into an economic crisis.

Party Polarization

Since 1989, the Romanian party system has undergone many changes. Existing parties have split or merged, new parties have emerged and quite different coalitions have been formed. Since the parliamentary elections in December 2016, there has been a strong polarization between the Social Democratic Party (PSD) and the Party of the Alliance of Liberals and Democrats (ALDE), the governing coalition until October 2019, on the one hand, and the center-right opposition led by the National Liberal Party (PNL) on the other. The opposition, backed by President Klaus Iohannis, a former chairman of the PNL, took to the streets and used all available parliamentary means to derail the governing coalition’s attempts to strengthen its ability to influence the judiciary and undermine the fight against corruption. In turn,
pro-government supporters criticized Iohannis and the opposition for not accepting the results of the parliamentary elections and for instrumentalizing the judiciary and the National Anti-corruption Directorate (DNA) as an illegitimate means of climbing back to power. When the PSD-ALDE government collapsed in October 2019 and was replaced by a center-right minority government led by Ludovic Orban (PNL), polarization continued and was further fueled by the presidential elections scheduled for November 2019. (Score: 4)
Policy Performance

I. Economic Policies

Economy

The Romanian economy continued to grow by about 4% in 2019. As in previous years, growth was stimulated by tax cuts and strong wage increases and is accompanied by high, and increasingly unsustainable, deficits in the fiscal balance and the current account. As a result of this economic overheating, Romania has one of the highest inflation rates in the EU. The country’s international competitiveness has been undermined by strong wage increases as well as skill and labor shortages, which has eroded investor confidence.

Citation:

Labor Markets

Buoyed by strong economic growth, unemployment in Romania has fallen to a record low. However, unemployment is unevenly felt, with Romania’s youth unemployment rate as of August 2019 two percentage points above the EU average (16.2% vs. 14.2%). Moreover, labor market participation in Romania remains among the lowest in the EU. Labor force activity is disproportionately low for Roma people, women, those with disabilities, and those living in rural areas.

Romania’s labor market has been strongly shaped by massive emigration. Some 18.2% of the country’s population, including nearly two in five Romanians with a higher education, live abroad. Emigration has contributed to low unemployment levels but has also resulted in labor shortages and brain drain. The healthcare sector, for instance, faces an unprecedented shortage of
qualified personnel, as doctors and nurses have left for higher paying jobs in the EU. While the period under review saw some efforts to remedy this – for instance, through an exemption from income tax for ten years and an increased minimum wage for construction workers – the latter’s outcome is unclear. To curb the loss of medical professionals, the government doubled wages in the sector during the period under review, but physician retention rates have remained negligible, especially outside Bucharest. In an attempt to bolster the country’s labor supply, the government raised quotas for non-EU foreign workers in 2019 to an all-time high of 30,000 work permits.

Taxes

Under the Dăncilă government, tax policy has suffered from hectic and highly selective tax changes. The government has abolished income taxes for employees of public cleaning companies and mineral extraction companies for the next ten years, provided employers are paying salaries of at least RON 3,000 (around €630). It has introduced a new tax on banks, lowered VAT rates for some transport services, created a new registry for non-profit and religious organizations for sponsorship, and stopped the publication of a list of bad debtors. Following the practice of the previous governments, most tax changes have been adopted by emergency ordinances, on short notice, and without proper preparation and consultation.

Romania’s tax-to-GDP ratio stands at about 27%. This is the second-lowest value in the EU and compares to an EU average of 39.2%. As the substantial fiscal deficits show, tax revenues have remained behind expenditures.

The impact of the tax system on reducing poverty and income inequality is limited. The Romanian income tax is among the least progressive in the EU, as measured by the difference between the relative tax burdens for low- and high-income earners. Moreover, the share of indirect taxes in overall tax revenues is high.

With a standard rate of 16%, Romania’s corporate income tax burden is low. The differential treatment of different economic sectors has ambivalent effects. The frequent changes in taxation and the resulting uncertainty over tax policy have reduced the competitiveness of the system.

Environmental taxation remains at a relatively low level. Environmental taxes amounted to 2.1% of GDP in 2018, below the EU average of 2.4%. Revenues from transport fuel taxes as a share of GDP are among the lowest in the EU. The Dăncilă government lowered the excise duty on motor fuels from 1 January 2020. This will result in lower budgetary revenues and have a
negative impact in terms of the climate objectives. Moreover, the government dropped its plans to introduce a pollutants-dependent car registration tax in 2019 and postponed the implementation of a landfill tax.

Citation:


Budgets

As the Dăncilă government has continued to increase public sector wages and public spending, the fiscal deficit has further increased. Despite robust economic growth, it has risen from 2.9% of GDP in 2018 to 3.6% in 2019 and is set to widen to 4.4% in 2020 and 6.1% in 2021. This means that the debt ratio is likely to rise from about 35% of GDP in 2018 to 40% of GDP in 2021. Despite the still relatively low level of debt, rating agencies and other market observers have been pessimistic about the sustainability of Romania’s public finances, given the rather high financing costs the country has to bear.

Citation:


Research, Innovation and Infrastructure

Romania’s weak performance in the areas of research and innovation has continued in the year under review. As of 2019, the country ranked among the lowest in the EU in indicators including research and development expenditure (0.48% of GDP), number of patents per capita, employment in knowledge-intensive activities, and rates of international scientific publications. Performance in innovation has consistently deteriorated over the past decade, with start-up success rates falling in tandem. There are discernible gaps between industry needs and curriculum in higher education institutions, while Romania’s noted “brain drain” of skilled migrants, particularly in science, technology, engineering, and mathematics, further hampers the country’s
success in these areas. Another identified issue is the lack of policy efforts attempting to leverage the research and development efforts of foreign-owned and operated companies in Romania domestically. Ultimately, despite the clear need for substantial public and private investment in research and development as a starting point for improvements in this arena, there have been no clear plans from the government to pursue this. In 2019, however, for the first time since 2016, Romanian researchers were allowed to compete for national grants awarded by UEFISCDI, the national granting agency. While applicants are unsure whether the research funds promised by the Romanian government will be disbursed to successful teams, many of them are hopeful that the new competition will support the creation of new products.

Global Financial System

Romania continues to be an active participant in the EU, the IMF and other international fora. The country’s ability to lead in these fora is limited by its rightful focus on internal economic development and stability.

II. Social Policies

Education

Romania’s education system continues to face serious challenges inhibiting its ability to deliver high-quality, equitable and efficient education and training. Despite moderate improvements in recent years, Romania continues to underperform in indicators including 15-year-olds’ performance in math, science, and reading, attendance in early childhood education, tertiary educational attainment, and proportions of early leavers. At 2.8% of the country’s GDP, Romania’s public expenditure on education is the lowest in the EU, with recent legislative measures postponing a legal requirement to allocate 6% of GDP annually until 2022. Access to education is unequal, and there are particular challenges for low-income, Roma, and rural children, including but not limited to staff shortages in rural areas.

Policy developments related to education in the year under review include mandatory vocational training for eighth graders failing to achieve a certain grade on their national examination, the signing of financing contracts for nearly €100 million for two IT projects to digitalize the country’s education system, and plans for reforms shortening school vacations and reducing class hours. Plans have also been made or steps taken toward increasing training for
specialized staff and teachers, improving curricula, pursuing a project identifying students at risk of dropping out, and monitoring and preventing school segregation; however, delays have hindered many of these endeavors. All told, while both the Ministry of Education and the Presidential Administration have forwarded visions for comprehensive education and training reforms, investments remain too low for these visions to be realized. This is further complicated by a lack of capacity and consistency within the ministry, with the former education minister dismissed by the prime minister in August 2019, and Monica Anisie appointed only in November.

In part because of the education system, Romania continues to have labor and skills supply that are not keeping up with the fast-changing needs of the economy.

Social Inclusion

Rates of poverty and social exclusion in Romania remain among the highest of EU member states, with one in three Romanians at risk. Groups such as children, the elderly, the Roma, people with disabilities, and those living in rural areas are particularly affected: 40% of children, 45.5% of people in rural areas, and 78% of Roma are at risk of poverty and social exclusion. There is a recognized need for greater attention by the government to measures to combat gender-based discrimination, while people with disabilities continue to face systemic barriers accessing employment, public services and independent living. Further, income inequality, in-work poverty, housing deprivation and monetary poverty in Romania are among the highest in the EU. Meanwhile, social services have also struggled to foster the inclusion of disadvantaged groups. Services in Romania continue to lack in both quality and coverage, with only approximately 20% of administrative territorial areas having licensed social services. They also suffer from uneven geographic distribution, with services concentrated in richer or more urban areas, and a lack of integration with employment, education, and health services.

While the year under review has witnessed discernable efforts to prevent exclusion and decoupling from society, progress has been limited by consistent delays, a lack of coordination, and seemingly-limited political commitment. For instance, while a pilot program by the Ministries of Labour and Social Justice, National Education, and Health was recently launched to provide integrated services in some of the country’s poorest areas, ineffective collaboration by these ministries have impeded the program’s monitoring to date. Progress on the country’s National Strategy and Strategic Action Plan on Social Inclusion and Poverty Reduction for 2015-2020 has been stunted by delays in measures sure as increasing the employment rate, reducing early
school-leaving, and scaling up national health programs. Another reform with potentially major impacts, the implementation of a minimum inclusion income scheme, was initiated in 2016 and experienced repeated pushbacks, with a further postponement to 2021 in the past year. As such, legislative efforts in the year under review have continued to fall short.

Health

Romania’s healthcare system continues to suffer from low public spending, mass migration of medical staff, corruption and inefficiency. As a percentage of GDP, public healthcare spending is the lowest in the EU – at about half the EU average. In those fields where there have been spending increases – for instance, in preventive care – the money has been poorly allocated. The Ministry of Health estimates that 43,000 doctors left the country in 2007-2017, with 10,000 leaving in 2017/18 alone; the effects of recent wage increases for doctors remain insignificant (150 Romanian doctors returned to the country, according to the Minister of Health). Wage increases have similarly proven largely ineffective in combating corruption within the sector, with bribery of medical staff a common occurrence. While the government has taken measures aiming to foster transparency, an assessment of these measures has yet to be released. Cost efficiency seems to remain extremely low. Access to care for vulnerable groups and those living in rural areas is also limited, while access to rehabilitative, palliative, and long-term care overall is poor. As a whole, the health of Romania’s population remains below the EU average, with a life expectancy of 75.3 years at birth in 2016, compared to 81 years for the EU.

Budgetary constraints, a lack of political commitment, and limited administrative capacity within the Ministry of Health have further hampered planned reforms in 2019. Announced projects such as the construction of additional regional hospitals, the development of integrated community care centers, and measures to increase uptake of e-health solutions, including a shift to electronic health records, have been delayed. In April 2019, the government adopted an emergency degree that has obliged the national health insurance fund (CNAS) to cover part of the costs if the insured take up private medical services, prompting debate as to whether this might boost competition and improve services to patients or simply increase healthcare costs and disparities in access.

Families

Generous parental-leave benefits have been central to Romanian family policy. Parents can claim parental leave for up to two years, with job security ensured
throughout this period and for six months upon returning to work. In terms of value, benefits are set at 85% of the net average income earned previously, up to a cap of RON 8,500 per month. Parental-leave benefits are complemented by child allowances, tax credits for children, and means-tested benefits in certain cases (e.g., single-parent families). All measures are intended to reduce the costs of having a family.

In spite of this, women’s participation in the labor market remains a serious concern in Romania, with women’s activity rate a full 20 percentage points below men at 63.7%. The situation is particularly dire for young and middle-aged women, as well as in certain parts of the country where women’s participation rates have fallen below 50%. This is largely attributable to the lack of childcare services in the country, with persistently low investment and availability of nurseries, as well as their uneven distribution where they do exist. Low participation rates of young children in childcare illustrate shortcomings in both the quality and quantity of these services. As a result, combining parenting and paid employment remains a significant challenge for Romanian women.

Sexual harassment in the workplace was criminalized by Art. 223 of the 2019 Penal Code, but incidents are underreported. While employers must record incidents, provide training sessions about harassment, and ensure that gender-based discrimination is rooted out, not all of them comply.

**Pensions**

Since 2008, Romania has operated under a three-pillar pension system, with the first pillar a mandatory pay-as-you-go scheme, the second mandatory and privately-managed, and the third consisting of voluntary individual savings. The year under review witnessed substantial changes to the first two pillars, with uncertain long-term effects.

A pension reform law took effect in July 2019, with initial changes coming into effect in September. The pension point value used to calculate social insurance, old-age, and disability pensions has increased from 1,100 lei to 1,265 lei, with plans for continued increases in September 2020 and 2021 and further automatic adjustments from 2022 onwards. While these changes sought to improve pension adequacy, there have been widespread concerns about fiscal sustainability, with the IMF warning the reform could double Romania’s fiscal deficit while significantly raising external financing needs. The budgetary implications of the legislation have yet to be spelled out by the government. Another change eliminates the use of the standard full contributory period, effectively removing different contribution periods
between men and women as well as between newer and older cohorts of pensioners. Replacing this is a minimum contribution period of 15 years (excluding those with certain disabilities), linking pension benefits more closely with contributions. While these more restrictive conditions might help quell concerns about the system’s sustainability, they also risk worsening the gender pension gap due to women’s shorter contribution periods, further undermining the law’s aims of pension equity.

Simultaneously, the second pension pillar has been significantly weakened. In December 2018, the government made the second pillar optional after five years of contributions, increased the minimum capital requirements for management companies, and reduced the allowed level of administration fees. These changes have prompted concerns about future pension adequacy, the local capital market, and the economy’s long-term financing. These changes, combined with those to the first pillar, call the Romanian pension system’s capacity to realize poverty prevention, intergenerational equity, and fiscal sustainability into question.

Citation:

Integration

Integration Policy Score: 6

Despite being primarily a country of emigration, Romania possesses much of the requisite policy and legislative framework to support the integration of migrants into society. Efforts related to integration, while shared among ministries, fall primarily within the Ministry of Internal Affairs’ General Inspectorate for Immigration. Within this, the Integration Program coordinates between NGOs, communities, and institutions to offer services including counseling, language courses, civic education, as well as access to employment, housing, medical and social assistance, and public education. There is no separate integration strategy within Romania, but the National Strategy for Immigration for 2015-2018 pursued several relevant items, including fostering the integration of immigrants, refugees, and third-country nationals. Notably, a plan carrying through 2019 has yet to be released. In addition to domestic policy endeavors, Romania also receives funding support by the EU’s Asylum, Migration and Integration fund, with about one-quarter of this €21.9 million fund allocated to the integration of migrants.
Safe Living

Romania’s homicide and violent crime rates have remained relatively low. The dominant challenges to Romanian public safety are transnational and organized crime, as seen in various arrests related to smuggling and human trafficking. Romania continues to be a willing participant in international police cooperation with European and regional partners.

Global Inequalities

Romania remains a minor player on the global stage when dealing with issues of global inequality. In 2016, the Cioloș government put development assistance on a new footing when Law 213/2016 created a new Agency for International Development Cooperation, “RoAid,” which is responsible for implementing development cooperation and humanitarian aid-related activities. In 2018, Romania joined the OECD’s Development Assistance Committee. Romanian bilateral development cooperation has focused mostly on Moldova, Turkey, Serbia, Ukraine and Syria. Moldova’s ailing political and economic systems, as well as its proximity to Romania and geopolitical importance to Europe vis-a-vis Russia make it an important area of political and economic engagement.

III. Environmental Policies

Environment

While EU accession has improved environmental protection, environmental policy goals in Romania remain modest. Environmental concerns are not effectively integrated across relevant policy sectors. And the implementation of various environmental policies is deficient at best.

The implementation of various environmental taxes, including those for landfills and car registration, have faced persistent delays. Air pollution via households, the energy sector, and car use has resulted in especially poor air quality. Romania’s woodlands are under great threat, as up to 20 million cubic meters of wood (700 million cubic feet) are illegally harvested each year. Romania continues to lag behind other EU members on green infrastructure, climate change adaptation, risk prevention and resilience, and emissions. The waste management system remains underdeveloped and characterized by extremely low recycling rates due to a lack of separate collection (14% as of
2017), a lack of infrastructure and administrative capacity, and poor economic incentives to move away from disposal, among others. The media has criticized the import of recyclable materials to ensure recycling companies remain open and regulatory weaknesses which enable the burning of potentially dangerous waste. While attempts to address some of these concerns have been put into motion, including an interministerial committee, a number of EU-funded projects, and national and county-specific waste management plans, the results remain to be seen, with implementation expected to prove challenging. Climate and biodiversity protection remain deficient as well.

**Global Environmental Protection**

Romania continues to be an active participant in multilateral fora focused on environmental stewardship and climate change. An example of this engagement was the announcement that Romania is the future home of a North American Treaty Organization (NATO) Centre of Excellence focused on environmental protection. The new center will be co-developed and managed by the Ministries of Defense and the Environment. Like all signatories to the 2015 Paris Conference on Climate Change, Romania has taken some measures to uphold its commitments, but the withdrawal of the United States has relieved some international pressure to meet its obligations.
Quality of Democracy

Electoral Processes

Electoral legislation was amended in the first half of 2015 with an eye to the local and parliamentary elections in 2016. One amendment substantially lowered the typically high stakes involved in establishing a political party. Moreover, the requirement to submit financial deposits for candidate registration was lifted, and citizens have been allowed to support multiple candidates and parties with their signatures.

In the European Parliamentary elections of May 2019, a total of 465 candidates from 23 political parties and seven independent candidates competed for 32 seats in the next European Parliament. As of September 29, 2019, 14 candidates representing 13 parties and one independent were competing for the presidency.

A major problem that has not been addressed in the period under review, has been the candidacy rules for the four deputies and two senators elected by the Romanian diaspora. As criticized by the Federation of Romanians’ Associations in Europe and others, diaspora candidates are discriminated against because they were required to collect 6,090 signatures rather than 1,000 to enter the race. Moreover, their electoral colleges extend across several countries, impeding the collection of required signatures.

Romania’s media environment suffers from excessive politicization and deliberate disinformation. Ruling political parties tend to exercise undue influence on media, either through consolidated ownership, or harassment of journalists in an effort to gain more favorable coverage. For example, pro-government TV channels like Romania TV and Antena 3 were found to have shared disinformation during the major protests of 2018 and, during the 2016 election, to achieve more favorable results for the Social Democratic Party. Romania TV was also the channel behind a politically motivated smear campaign against Laura Codruța Kovesi, former head of the National Anti-corruption Directorate.

Romania is also susceptible to external media influence during elections, particularly from Russia, and lacks the mechanisms to counter the “fake news”
phenomenon challenging democracies around the world. In January 2019, President Iohannis weighed in on the issue saying the spread of erroneous articles and politically targeted media campaigns can be stopped through the efforts of honest journalists.

Voting and registration rights were in the spotlight this year after disfunctions at polling stations in the diaspora restricted the ability of some Romanians abroad to cast their ballot in the European Parliament elections on May 26, 2019. The government opened more polling stations abroad, but lines remained significant, leading to long waiting times and even an inability to vote. This prompted protests and calls for the resignation of Foreign Affairs Minister Teodor Melescanu, who issued an apology to the Romanians abroad who found it difficult to access a polling station and ordered an inquiry into the problems. National Liberal Party (PNL) president Ludovic Orban threatened to file a criminal complaint against Minister Melescanu for hampering the vote abroad, claiming that the Ministry operated an insufficient number of polling stations abroad in an effort to reduce the number of diaspora votes (which traditionally favor parties other than the PSD). President Klaus Iohannis called on authorities to resolve the issue quickly.

Following the elections, the PNL and the People’s Movement Party requested an inquiry into the limitation of the right to vote of Romanian citizens in the diaspora. The establishment of a committee to amend the election law was approved in June 2019. The Chamber of Deputies then adopted amendments that allowed Romanians from abroad to vote over a three-day period from Friday to Sunday. Weeks later, President Iohannis promulgated a law introducing early voting and voting by mail in presidential elections.

The legal framework for party and campaign financing was amended in 2016. One important amendment has required parties to declare all contributions received along with the sums earmarked for television ads and posters while identifying the contributors. A second amendment strengthened the obligation of parties to document the use of public funds, which constitute a significant portion of party resources. While these amendments have enhanced the transparency and accountability of party financing, other changes have pointed in the opposite direction. In early 2016, the two biggest parties, PSD and PNL, both highly indebted, colluded and reduced the possibility for creditors to get their money back from parties. However, the main problem still is lagging implementation. 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.

During the period under review, there have been no significant legislative or political developments with respect to party financing in Romania. However, the Standing Electoral Authority conducted an audit of the ruling Social Democratic Party’s finances in 2019. No irregularities were found. The audit was triggered after documents indicating potential problems in the party’s financing were presented to the National Anti-corruption Directorate in December 2018 and January 2019. The Directorate is investigating the Social Democratic Party’s treasurer for potential embezzlement. The former Standing Electoral Authority’s president is also being probed in relation to the embezzlement case.

According to the 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 exceed 30%. At the national level, citizens do not have the right to initiate a referendum. However, if more than 500,000 citizens support a change to the constitution, parliament can approve a revision, which then must pass a nationwide referendum. Citizens can initiate referendums at the county level, but such initiatives are subject to approval by the County Council and are rare.

A consultative national referendum with two ballot measures was held at the same time as the European Parliament elections in May 2019. Proposed by President Iohannis in an attempt to curb the Social Democratic Party’s assault on the judiciary, the measures involved a ban on amnesty and pardons for corruption offenses, and the government adopting emergency ordinances in the field of justice and criminal policy. Despite being challenged by the Social Democratic Party and the Alliance of Liberals and Democrats, the resolutions were soundly accepted by the electorate. Over 85% of the 7.9 million ballots cast were in favor of the measures and turnout was above 25%, thus validating the results. Following the results, the president convened the political parties for consultation on implementing the results.

Access to Information

In Romania, the independence of the media is limited. The government exerts strong control over the public media, and most private media are owned by shady oligarchs that do not respect editorial independence. Many have strong
ties to national or local politicians and some of them have been charged with corruption. Harassment of journalists remains a key concern, with journalists routinely subjected to physical and verbal abuse by police.

Citation:


Concentration of media ownership remains a key challenge in the Romanian media environment. Owners maintain close relationships with politicians and routinely use their media outlets to circulate systemic disinformation. Several owners have been convicted of corruption offenses and, as of October 2019, at least ten were under investigation by the National Anti-corruption Directorate for corruption-related offenses.

As journalists continue to face harassment and violence as their work is politicized, many have begun launching their own investigative media outlets. These investigative media outlets are increasingly a main source of news in the country that circumvents National Audiovisual Council regulations and administrative parameters.

State-owned media also came under threat this year following the elimination of taxes and the TV license fee, a main source of income for Romania’s public radio and TV broadcasters. While often subject to political interference, state-owned media may provide a balance to the agendas of privately owned media outlets. Within this context, a positive development in January 2019 was the reopening of the Radio Free Europe Romania news service, one of the few news services that provided information during the communist era. The move was praised by President Iohannis as being a positive step in ensuring independent media in the country.

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. Authorities often try to withhold information or to restrict access through cumbersome or obstructive administrative mechanisms. Privacy and secrecy considerations, be they real or pretended, often trump the transparency principle.
Civil Rights and Political Liberties

Civil rights are guaranteed by the constitution and are generally respected in practice. Romania responded to a European Court of Human Rights decision by adopting a new civil procedure order, which came into effect in February 2013. However, court protection has continued to suffer as a result of long and unpredictable proceedings. There is no equal access to the law since well-positioned individuals, including politicians, are given preference by the courts. More specific concerns have been raised by the disproportionate use of preventive detention, often in conflagration of European legal standards, the bad conditions in Romanian prisons, and the large-scale surveillance activities of the Romanian Intelligence Service (SRI). NGO legislation introduced by the governing coalition in 2017 has weakened civil rights watchdog organizations.

Romanians continue to exercise their political liberties through well-attended public demonstrations and assemblies. While in 2019 protests did not reach the levels of preceding years, smaller sized groups frequently took to the streets to express their disappointment with various political decisions or missteps. For example, in February 2019, thousands protested against the emergency governance ordinance reforming judicial laws (which was later revised in response to the outrage), and 1,600 taxi drivers gathered in Bucharest demanding an amendment of the taxi service law and thereby allow for a penalization of unlicensed taxi activities. In May, around 1,000 protesters demonstrated during a visit to Galati by the former Social Democratic Party leader Liviu Dragnea, just two weeks before the Supreme Court upheld his conviction on corruption charges sentencing him to three and a half years in prison. In July, around 2,000 people protested the police and government’s slow response to the killing of a teenager in the town of Caracal. The largest protest of the year occurred in August, when some 20,000 Romanian expats protested in Bucharest against the Social Democratic government’s corruption and attacks on the judiciary. However, protesters and some of the NGOs involved faced a smear campaign by the governing coalition.

The Romanian state has been ineffective in countering discrimination against a number of vulnerable groups, including members of the LGBTQ community, those infected with HIV, people with disabilities, and members of the country’s large Roma community. Massively backed by the governing coalition, the 2018 referendum calling for a constitutional amendment to specifically define a “union” as that between a man and a woman, though ultimately defeated, has fostered discrimination toward the LGBTQ community. Human Rights Watch criticized the referendum for being “little more than a thinly veiled attempt to scapegoat a vulnerable minority.” In November 2018, the Alliance of Liberals and Democrats voiced support for
legislation which would allow for civil partnerships or unions for both heterosexual or LGBTQ couples. While a draft law was tabled in parliament to recognize civil partnerships in Romania, the draft law is yet to be considered by both chambers. As a result of the June 2018 ruling of the European Court of Justice, same-sex married partners of EU citizens must be recognized for the purpose of establishing a right of residency in Romania. On April 18, 2019, the International Roma Day, President Iohannis made a statement renewing his commitment to protecting citizens of all ethnic minorities.

Citation:

Rule of Law

Legal certainty has strongly suffered from the tug-of-war over the reform of the judiciary. Moreover, the Dăncilă government made widespread use of government emergency ordinances (OUG). To cite but two examples, it used them both for its hectic tax reforms at the end of 2018 and for controversial reforms of the judiciary in early 2019. 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 use of emergency government ordinances (EGOs) remains a routine mechanism for the Romanian government to pursue legislative or judicial reforms, without appropriate preparation or consultation that often results in considerable controversy.

In February 2019, the American Chamber of Commerce in Romania issued a statement asserting that the pace of changes to legislation by emergency ordinance is unjustifiably fast and non-transparent, sounding the alarm on what the Chamber considered to be “accelerated degradation” of the quality of public policies, regulation and governance in Romania. The Chamber stated that emergency ordinances have “turned the National Reform Program into an obsolete document for outlining nationwide reform priorities,” and called on the government to ensure predictability and align with the EU’s “better regulation” approach.

Citation:

Weakened independence of the judiciary continues to threaten Romania’s capacity for judicial review, with the executive often influencing judicial matters. In the period under review, government influence on the management process of key judicial institutions, including the Superior Council of Magistracy (SCM) and the Prosecutor’s Office, continued to raise concerns about the judiciary’s independence and authority. The government’s role in appointments of prosecutors was of particular concern during 2019. In August 2018, when the term for the management team at the SCM expired, the government did not launch a public and competitive process but instead filled the position of chief inspector through an emergency government ordinance on an ad interim basis. The ad interim appointment remained until May 2019, when the same chief inspector was formally appointed to the role. The establishment of ad interim management compromised the ability of the SCM to provide effective checks and balances to defend the independence of judicial institutions. These concerns were exacerbated by the government’s amendments to justice laws which made it possible for decisions on key issues to be determined by only a few members of the SCM. Additionally, statements issued by the SCM are often signed by only some of its members, pointing to fractures within the institution.

The Minister of Justice continued to control the functioning of the judiciary at the highest level, which is evidenced by Justice Minister Toader’s efforts to remove the prosecutor general in 2018-2019, despite objections by the SCM and the European Commission. In late 2018, the minister indicated his intention to remove Prosecutor General Augustin Lazar. The request was denied by President Iohannis in January 2019. In April 2019, Toader moved forward with establishing an appointment process to fill the vacancy following the anticipated expiration of the prosecutor general’s term in May 2019. The minister rejected all candidates, including the candidacy of the incumbent prosecutor general, Augustin Lazar. In the midst of this process, Justice Minister Toader resigned from his position on April 19, 2019, after failing to put forward the government’s controversial emergency ordinance amending the criminal code. The incoming justice minister then canceled the appointment process to “avoid deterioration of the situation and give space to improve the procedure.” With no candidates and no appointment process, the deputy prosecutor general at the time, Bogdan Licu, was selected by the Prosecutor’s Section of the SCM as interim prosecutor general. The position continues to be filled on an interim basis, following a broader pattern of interim management at the highest levels of the Romanian judiciary.
Government interference and uncertainty in top prosecutorial positions have raised criticisms within Romania and abroad. Partially in response to the country’s deteriorating capacity to maintain an independent judiciary free from the influence of government or powerful individuals, the European Commission’s Cooperation and Verification Mechanism (CVM) added eight additional recommendations to their 2018 progress report for Romania. In 2019, the Commission continued to point to backtracking on rule of law-related issues, highlighting the dismissal of the prosecutor general as a point of concern. The Commission cites the pattern of disciplinary proceedings against magistrates, document leaking, and the government’s prolongation of management positions as threatening judicial review in the country.

At its investiture, the Orban government announced that the appointment of prosecutors general was its top priority, and promised to make the process transparent and meritocratic. Orban noted that most top prosecutors are ad interim. The selection process for appointing prosecutors is scheduled to end by late January 2020.

Citation:

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.

The two nine-year appointments in May 2019 have confirmed this pattern. First, President Klaus Iohannis appointed his former adviser, Simina Tanasescu, to replace judge Lazaroiu whose nine-year term expired. Tanasescu was the subject of controversy after being forced to resign as Iohannis’ adviser following a meeting with Lazaroiu in June 2018. The meeting was perceived by members of the public and the media as an attempt by the president’s office to pressure Lazaroiu following the judge’s involvement in the decision to dismiss Laura Kovesi as head of the National Anti-corruption Directorate in 2018. After the meeting, which resulted in Tanasescu’s resignation, Lazaroiu stated that his discussion with Tanasescu could have been an attempt by the president’s office to create a conflict over
his mandate in order to cast doubt on the Constitutional Court’s decision that
forced the president to dismiss Kovesi. The second appointment, made by
parliament, replaced judge Stefan Minea with Gheorghe Stan, the head of the
Section for Investigating Magistrates. Nominated by the ruling Social
Democratic Party, Stan played a key role in the criminal investigation of Laura
Kovesi and declared publicly that recommendations made by the Cooperation
and Verification Mechanism and the Venice Commission are non-binding.
Stan was confirmed with 174 votes in the house through secret ballot.

Romania continued to face scrutiny from the European Commission on
corruption prevention. In July 2019, a Group of States Against Corruption
(GRECO) report criticized Romania’s lack of progress in adopting measures to
prevent corruption among lawmakers, judges and prosecutors and addressing
corns about its controversial reform of the judiciary. The November 2018
Cooperation and Verification Mechanism (CVM) report recommended
Romania immediately suspend the justice laws and emergency ordinances,
revise them in light of the recommendations of the Venice Commission and
GRECO, suspend all ongoing appointments and dismissals for senior
prosecutors, appoint a new head of the National Anti-corruption Directorate
(DNA), and annul amendments to the Criminal Code and Criminal Procedure
Code. The European Commission’s First Vice-President Frans Timmermans
lamented the recent “regrettable regress related to amending the laws on
justice, the magistrates’ independence, and the fight against corruption.”
Justice Minister Teodor Toader criticized the report for containing double
standards and political undertones.

Anti-corruption efforts were also hindered by the ad interim leadership of top
anti-corruption agencies – the DNA and the Directorate for Investigating
Organized Crime and Terrorism (DIICOT). After the dismissal of its top
prosecutor Laura Kovesi in 2018, deputy chief prosecutors became DNA
interim top leaders. While the DNA continued to work, these temporary
appointments added uncertainty and vulnerability to the Directorate. Similarly,
the DIICOT operated without a chief prosecutor several months until President
Iohannis appointed Felix Banila, although DIICOT prosecutors criticized
Banila for an “inexcusable and superficial knowledge” of the DIICOT’s
activity. President Iohannis dismissed Banila on October 1, 2019 for lack of
professionalism and credibility in a high-profile case.

Despite the uncertainty at top levels and lack of independence, the judiciary
continued to prosecute high-level corruption-related offenses. The DNA
focused primarily on recovering damages, with criminal files focused on high-
ranking officials of the state, magistrates, policy officers, company managers,
and officials in the education and health systems. The DNA sent to the courts
case files with total estimated damages at €412 million, which was more than
double that of 2017. The DNA received just 1,513 complaints from citizens, about half of the previous year. The number of yet unsolved files fell by 19% to 9,191. Further, in the first half of 2019, the High Court of Cassation solved three high-level corruption cases at first instance and settled four high-level corruption cases by final decision. The Public Ministry solved 2,065 corruption cases, and the DIICOT seized more than €1 billion in provisional measures related to tax evasion, €24 million in money laundering, and €10 million in smuggling.

The PREVENT system is an important deterrent to corruption in the public procurement process. It has analyzed 33,384 public procurement procedures and issued over 100 integrity warnings that amount to over €243 million.

The anti-corruption effort was partly derailed by the continued hounding of former DNA Chief Prosecutor Laura Kovesi, who was appointed as the first Chief Prosecutor of the European Public Prosecutor’s Office. Complaints against her included corruption-related offenses, accepting bribes and abuse of offices. Kovesi rejected the charges as intimidation attempts. The Superior Council of Magistrates president took issue with the “continuous and aggressive way” the allegations were pursued which serve to “intimidate and seriously affect” the independence of the prosecutors involved in solving a case which implicates Kovesi.

Citation:

Governance

I. Executive Capacity

Strategic Capacity

While EU membership has forced the Romanian government to produce regular strategic documents, and despite Romania’s 2018 National Reform Program having declared strategic planning a key priority for the government, policymaking in Romania still lacks strategic planning. In March 2019, parliament adopted “Romania 2040,” which outlines a long-term national social and economic development strategy that is coordinated by a multi-stakeholder commission (Comisia Romania 2040) and elaborated by a council (Consiliul de Programare Economica si Comisia Nationala de Strategie si Prognoza) that would advise government policy for years to come. In June 2019, however, the Constitutional Court rejected “Romania 2040” criticizing the substitution of the parliament by the commission. Critics also noted that the strategy had been pushed by PSD head Dragnea so that a smaller PSD-controlled commission would adopt the national budget for the years to come instead of parliament.

Citation:

Expert Advice
Score: 4

Cooperation between the government and non-governmental experts is weakly institutionalized. Consultations are irregular and lack transparency as well as mechanisms that would ensure feedback received is actually accounted for in policy. The dismantling in 2018 of the Ministry for Public Consultation and Civic Dialogue, to ensure systematic public consultation, marked a step backward in the formalization of public and expert consultation processes within the country. No real changes occurred under Dăncilă and Orban in 2019.
Interministerial Coordination

The organization of the Government Office has undergone frequent changes. Until January 2017, it featured two bodies that were engaged in interministerial coordination, the General Secretariat of the Government (GSG) and the Prime Minister’s Chancellery (PMC). Whereas the GSG focused on the formal coordination, the PMC, consisting of about 15 state counselors with different backgrounds, provided the policy expertise. In January 2017, Prime Minister Grindeanu dismantled the PMC and transferred its responsibilities to the GSG. Once appointed, its successor, Prime Minister Tudose, re-established the PMC and the old dual structure. Under Prime Minister Dăncilă, the PMC included seven pro bono “scientific” members with some sectoral experts. Under Prime Minister Orban, the PMC has had only six members in total.

Policy proposals are usually drafted within ministries. The Secretariat General of the Government provides administrative and legal support for policymaking but has a limited role in the quality control of policy design. The Prime Minister’s Chancellery usually becomes involved only after the compulsory public-consultation procedures are finalized, and its mandate is to ensure that policy proposals align with broader government strategy. While the prime minister occasionally publicly involves himself 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.

In Romania, ministerial committees, which are composed of one minister, deputy ministers and public servants, feature prominently in interministerial coordination. They are used for preparing 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. By contrast, committees consisting only of ministers or with several ministers are rare.

In the absence of interministerial committees, bills 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.
In addition to the formal mechanisms of interministerial coordination, there has been an informal coordination of the government’s work by PSD chef Liviu Dragnea, the “éminence grise” of the PSD governments. Barred from becoming prime minister himself by a criminal conviction, Dragnea has been keen on preventing prime ministers to act in too independent a manner. In January 2018, he toppled Prime Minister Mihai Tudose, barely seven months after his predecessor Sorin Grindeanu had suffered the same fate. Thus, the informal coordination within the governing party has tended to undermine rather than complement the formal coordination mechanisms within government. Since his imprisonment in May 2019, however, Dragnea’s control over the PSD and the Dăncilă government has weakened.

The 2014 National Strategy on Digital Agenda for Romania explicitly called on the public sector to embrace and optimize the use of digital technology for improving effectiveness in governance. This commitment was further buttressed through the establishment of a Government Chief Information Officer within the chancellery. In July 2018, the government announced plans to spend €45 million on the development of a government cloud framework to be used by all public institutions in the country. However, similar plans were announced in 2014 and 2017 without substantial results. Indeed, a 2018 report on government digitalization ranked Romania 67th out of 193 countries and last among 28 EU countries, and also noted that Romania implemented only one-fourth of all commitments it assumed in 2014. To date, the role actually played by digital technologies in interministerial coordination has been limited.

Citation:

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 of the Secretariat General of the Government (GSG). In practice, the use and the quality of RIA is highly uneven, and many RIAs are superficial. Capacity remains a critical obstacle to the effective implementation of RIA procedures and requirements. Further problems have stemmed from the complex division of monitoring and evaluation responsibilities between the GSG and the Prime Minister’s Chancellery. While Romania’s 2018 National Reform Programme stressed the government’s commitment to improve RIA, no significant improvements have actually taken place.
Romanian law stipulates that RIAs, along with proposed regulations, must be published for at least 30 days on the ministerial websites, and this obligation is usually respected. Only a select few stakeholders are regularly involved in the RIA process. Public consultations are largely online (which is problematic given unequal internet access within the country) with a short time-frame for input, while in-person consultations tend to be informal and, as a result, risk being subject to regulatory capture. Other ministries are not systematically involved in the RIA process. While the RIA process as a whole has been reviewed by the OECD as well as the World Bank, there are no regular independent quality evaluations of individual RIA assessments.

Romania is formally committed to SDG implementation. It participated in the 2018 voluntary national review of the U.N.’s High-Level Political Forum on Sustainable Development and has initiated a review of the country’s 2008 National Sustainable Development Strategy with a view to incorporating the 2030 Agenda for Sustainable Development. The RIA methodology manual requires that sustainability concerns be incorporated in assessment reports. In practice, however, sustainability checks do not feature very prominently, are not done in a comprehensive manner, and draw on minimal sets of impact indicators.

While the institutionalization of ex post evaluations has been announced several times, they have remained the exception rather than the rule. If such evaluations have been done, their impact on decision-making has been intransparent.

**Societal Consultation**

In Romania, there are two tripartite bodies, the Economic and Social Council (Consiliul Economic și Social, CES), which must approve every legislative proposal and government decision, and the National Tripartite Council for Social Dialogue (Consiliul National Tripartit pentru Dialog Social, CNTDS). In early 2018, the Dăncilă government disbanded the Ministry for Public Consultation and Civic Dialogue that was established by the Cioloș
government in 2015, stating that its responsibilities were to be taken over by other unspecified ministries. Later in 2018 and with little warning, the government replaced 13 of the 15 representatives on the CES in order to help ensure its priorities would be accepted. Consultation with societal actors has been ad hoc and is used primarily as a means of government communication, not as an attempt at collaboration. Societal actors as diverse as trade unions and the judges’ professional associations have complained that their views have not been taken seriously by the government.

Policy Communication

Despite the fact that the Chancellery of the Prime Minister was tasked with taking care of public relations and the communication with the mass media, the Dăncilă government has lacked a unified and coordinated communications strategy. The Chancellery has often competed with individual ministries in communicating new policy initiatives and programs.

Implementation

The Dăncilă government has not been very effective, if one compares the list of promises included in its initial program with its accomplishments. At his investiture, Dăncilă announced plans to increase salaries, pensions and child allocations; reduce taxes; build nine new hospitals and modernize existing ones; build 2,500 nurseries, daycares and after-school programs; boost the international reputation of Romania’s education and research profile; invest in infrastructure projects and new plants; decentralize public administration; and reform the judiciary to “prevent abuse coming from it.” Aside from increasing some salaries and pensions, the government managed to fulfill none of its remaining objectives. Its justice reforms were partly blocked by the Constitutional Court, and were subject to vehement criticism by the opposition and international actors.

Ministers in Romania have traditionally held significant leeway in terms of deciding policy details within their departments, and the short-lived prime ministers in recent years – all dependent on the backing of PSD chair Dragnea – have been too weak to bring ministers in line.

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. In spite of having limited staff and resources, this office monitors the activity of most line ministries fairly effectively.
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 even fail to provide legally required information on their websites.

Subnational governments suffer from a lack of revenues and thus remain dependent on central government funding. As the governing coalition has done little to secure sufficient funding for subnational governments, the quality of public services has remained low. Central government funding has been tainted by party bias, with subnational governments controlled by the PSD receiving more money. Moreover, the funds from Bucharest have come late, so that subnational units have scrambled to keep projects alive during the first months of each calendar year. The financial dependence of subnational governments has contributed to an unwillingness to implement larger-scale projects for fear of losing funding as a result of political changes.

The 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 continued during the period under review. Another problem is that allocations are often made with considerable delay, which affects the capacity of subnational units to initiate and complete projects. The Dăncilă government promised to further decentralization, but was unable to deliver on this promise by the time it was unseated. The Orban cabinet does not list decentralization among its major objectives.

The central government seeks to ensure that subnational governments realize national public-service standards. The prefects, which represent the central government in each of the country’s 41 counties as well as in the municipality of Bucharest, have an important role in this respect. In practice, however, enforcement is often undermined by the inadequate and uneven funding of subnational governments.

Generally speaking, government agencies possess the technical capacity to enforce regulations against vested interests. In practice, however, regulations are mostly enforced only to the extent to which they benefit powerful lobbies and politicians’ clients.

**Adaptability**

On 30 June, 2019, Romania completed its six-month term hosting the EU Council Presidency, with the last summit hosted in President Iohannis’ hometown of Sibiu. The presidency went better than expected, producing 90 pieces of legislation addressing banking, workforce, future migrant crisis
situations, the gas market, and low-emission vehicles. The informal meeting at Sibiu saw the adoption of the Sibiu Declaration, which details a commitment to one Europe “united through thick and thin.” Furthermore, the event was an opportunity for EU leaders to emphasize the rule of law, a topic that the EU has often warned Romania about. The better-than-expected functioning of Romania’s presidency shows that Romania was able to adapt its government structures and processes so as to successfully meet its obligations as EU Council president. At the same time, little progress was made in terms of improving the absorption of EU funds.

Romanian governments have supported international efforts to provide global public goods. The country has been actively involved in various U.N. peacekeeping missions, has contributed to global action against climate change and has participated constructively in the allocation of refugees within the EU. In April 2018, it also became a member in the OECD’s Development Assistance Committee. The country’s international ambitions are evident in its intention to seek a non-permanent seat on the U.N. Security Council from 2020-2021. However, Romania’s international standing has suffered from the democratic backsliding.

Organizational Reform

There is no systematic and regular monitoring of institutional arrangements. Occasionally, the OECD and World Bank have been involved in governance reviews, but the effects of the latter have been negligible. The Dăncilă government was too preoccupied with the European Parliament elections and various other issues/scandals to give attention to monitoring institutional arrangements.

Institutional reforms under the Tudose and Dăncilă governments were confined to changes in the portfolios of ministries. Most notably, the Dăncilă government split the Ministry for Regional Development, Public Administration and European Funds into two separate ministries and abolished the Ministry of Public Consultation and Social Dialogue. However, these changes have failed to improve the government’s strategic capacity. The absorption of EU funds has remained low, and public consultation has further lost importance. There have been no institutional reforms to address long-standing problems such as limited planning capacities or the low quality of RIA. The pledged reforms of subnational administration have not been adopted.

Orban cut the number of ministries from 27 to 18 by reducing the number of deputy prime ministers and merged some portfolios. It is still too early to
determine whether Orban is doing better with regard to considering the externalities and interdependencies of policies, taking into account scientific knowledge and promoting common goods. As a minority government, the Orban government might face even more difficulty in improving strategic capacity.

II. Executive Accountability

Citizens’ Participatory Competence

Public knowledge of government policy remains low. Most of the population, especially in rural areas and small towns, have no clue as to what government policies are being proposed or implemented. They might know the name of the president, but not the names of the prime minister and individual cabinet members; they know nothing at all about policy, but judge government activity mostly in ideological terms.

Romania joined the international Open Government Partnership in 2011, emphasizing the overarching goals of increasing transparency, promoting new technologies and engaging citizens. Within the framework of the partnership, four action plans have been approved since 2011. In 2013, the government established an open data portal (data.gov.ro) which now provides over 1,000 datasets from almost 100 public bodies. From 2015 to 2017, the Ministry of Public Consultation and Civic Dialogue oversaw the implementation of the action plans. Since its disbandment in January 2018, the implementation oversight has rested with the Secretariat General of the Government. A quick look at the website of various ministries and agencies shows that the information provided is patchy, outdated or partial. Some of the websites are hard to access or are difficult to navigate.

Citation:

Legislative Actors’ Resources

The Romanian parliament has a Department of Parliamentary Studies and EU Policies, which is divided into two divisions: the Division for Legislative Studies and Documentation and the EU Division. Together, these divisions offer members of both chambers, as well as parliamentary group leaders and committee chairs, useful documentation, studies and research materials,
expertise and assistance. In addition, all members have equal access to the parliamentary library which provides references as well as research and bibliographic services. However, members of parliament have relatively limited individual resources. In practice, they tend to rely on assistance from former parliamentarians or political-party staff rather than on the expertise of the Department of Parliamentary Studies and EU Policies or independent experts.

A new set of regulations for the organization and functioning of the departments assisting the Chamber of Deputies was adopted in February 2019. It brought no changes to the Department of Parliamentary Studies and EU Policies and the Divisions for Legislative Studies/Documentation and the EU. The Senate had adopted similar regulations in 2018.

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. Sometimes ministers send deputies who are not always able to respond to queries raised by parliamentarians. 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 committees 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 the task areas of ministries and parliamentary committees. The number and
task areas of the ministries changed significantly after the Dăncilă government was replaced by the government of Ludovic Orban, but, as in the past, these changes have not led to changes in parliamentary committees.

**Media**

Media coverage of government decisions and public policy continues to be highly partisan and emphasize political scandals and politicians’ personalities rather than in-depth policy analysis. Many journalists believe that their media environment is protected from outside threats, although Romania ranks first among EU countries in the spread of “Fake News.” There is increased anxiety that Russia might exploit Romanian media’s limited ability to counter disinformation by fueling protests on the eve of the presidential election, funding fringe political parties, and spreading fake news to provoke civil unrest and divide society. These disinformation efforts are often helped by Romanian actors voluntarily or inadvertently. Romania has begun to fight disinformation and external media infringements, although many journalists claim that the Romanian government is the main threat to press freedom. Some journalists believe that pressures from western partners over Romania’s widespread corruption has prompted the Social Democratic party to be more critical of the West, which results in high levels of fake news that affect the uninformed citizens of rural Romania in particular.

Citation:

**Parties and Interest Associations**

The major Romanian parties remain controlled by leaders that are isolated from the party membership and seemingly have little patience and desire to consult local organizations before making decisions. Delegates to national congresses are selected by local organizations in ways that are not always open and transparent, and which allow relatives of current leaders to be promoted. Romanian parties remain largely clientelistic, nepotistic structures in which the power of a handful of leaders outweighs that of large segments of the membership.

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 offering cost-benefit analyses of the likely effects of such policies. Unions have not played an active role in policy formulation either. Union density has
decreased considerably since 1990, with union structure fragmented and weakly developed. Unions have become increasingly distrusted as various leaders have joined political parties and sought political careers, often by sacrificing the interests of the union members to their own personal objectives. Moreover, when economic interest associations are capable of formulating relevant policies, this has been somewhat undermined by the unwillingness of the government to consider their views, as was demonstrated by the recent tax reforms which prompted significant criticism from labor organizations.

While many NGOs have suffered from a lack of resources, quite a number of them have significant analytical capacities, especially in areas such as environmental policy and social protections. Many NGOs have benefited from international funding. The Romanian Orthodox Church, which represents as much as 85% of the population, has been a powerful actor, but has promoted a relatively narrow and conservative agenda.

**Independent Supervisory Bodies**

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 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 current 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 appointment of Mihai Busuioc, who has been close to PSD leader Dragnea, as new court president in mid-October 2017 has raised concerns about its independence. These concerns have been aggravated by parliamentary proposals to alter the Court’s remit and to render it more amenable to the will of the government.

The Romanian Ombudsman was established in 1991 after the ratification of the country’s first post-communist constitution and is appointed by both chambers of parliament for a term of five years. In mid-2019, Renate Weber replaced the very controversial Victor Ciorbea, who had ignored the concerns of ordinary citizens and championed those of politicians, as Romania’s Ombudsperson. As was the case with Ciorbea, Weber is a lawyer. She was appointed for a five-year mandate, with the possibility of being renewed only once. Weber was nominated by the junior ruling partner, ALDE. Observers hope that she will break with Ciorbea’s legacy and strengthen the office by making it more independent from the Social Democrats.
Romania updated its data protection legislation in accordance with EU GDPR policy in May 2018. The responsibility for protecting personal data rests with the National Authority for the Supervision of Personal Data Processing (DPA), which has limited resources. The position of the DPA’s vice-president remained vacant until April 2019, when Mirela Nistoroiu was appointed by the ruling Social Democrat Party, in spite of her lack of specialized skills. The DPA President Ancuța Gianina Opre, named in 2013, has languished under corruption charges dating from 2009 when she was working for the National Authority for the Restitution of Properties.
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