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EUROPEAN INSTITUTE OF ROMANIA

Project SPOS 2007 - STRATEGY AND POLICY STUDIES

Study no. 8

**IMPLEMENTATION OF SERVICES DIRECTIVE
IN ROMANIA - ANALYSIS OF OPTIONS,
PERSPECTIVES AND RECOMMENDATIONS**

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1. Establishing the area of Services Directive and the legislative framework of services at the EU level

By the enforcement of this Directive, the European citizens can work in any EU state, creating new jobs and stimulating in this way the economic growth. At the same time, the European document guarantees the Member States the possibility to influence the administration of services and to maintain the social rights of the wage earners. The Directive shall apply to all types of services, except the ones excluded in an explicit way, which make the object of separate EU laws, such as the financial services.

The Directive¹ 2006/123/EC of the European Parliament and of the Council, on services in the internal market, was adopted on 12 December 2006. Its objective is to facilitate the exercise of the freedom of establishment for service providers and the free movement of services. Thus, this is (i) a horizontal settlement whose provisions intend to remove all the obstacles with an incidence upon the services supply on the EU market, and (ii) the member states have maximum 3 years at their disposal for transposing the provisions of the Directive into their national legislation.

1.1. General presentation

The European Union's objective was to find a way through which to open much more the internal market competition of services, without deteriorating the European Social Model. In principal, the directive's aim is to stimulate the economic growth and create new jobs, while guaranteeing the member states the right to coordinate their national legislative regimes ensuring a high degree of Community legal integration and a high level of protection of general interest objectives, especially protection of consumers.

The new legislation is intended to facilitate, in a significant way, the professional activity in other member state. For example, a self-employed who wants to administrate a hotel or a recreation centre in another member state won't need, from now on, to negotiate with different national, regional or local authorities, but a single authority, easily accessible through a "point of single contact", which will be looking after all the formalities. Discriminating bureaucratic restrictions are forbidden. It will be easier than before for a service provider to post his workers in another state of the European Union.

Practically, none of the states of establishment will be allowed to force an enterprise to obtain special licenses in order to operate in that country or to make difficult the use of their equipments from the state of origin. Governments will be allowed to constrain a service supplier on reason of public health or security, but they must prove the need of this measure. Also, the states must create information desks, from which the foreign enterprise can obtain information about the operating paths from the host state and such services will need to be simplified.

In fact, the Services Directive abolishes the restrictions in the exercise of the freedom of establishment for service providers and the free movement of services to which some states resorted to. For example, a touring guide wouldn't have to prove anymore that he has a residence in the state in which he wants to exercise temporarily his profession. Even in the case of temporary provision of a service, the provider must observe the

¹ The document referring to the services directive can be accessed at:

http://www.europarl.europa.eu/comparl/imco/services_directive/default_en.htm

labour law and the social legislation of the state in which he exercises his activity. The wage earners temporarily posted abroad by their company will have the same rights as their corresponding counterparts in local markets (the social security and labour hygiene, the working time and employment conditions, minimum wage).

All in all, the objective of the services directive is represented by the establishment of a legal framework for removing of all the obstacles concerning the exercise of the freedom of establishment for service providers and the free movement of services among EU member states, in other words, liberalization of services market at the EU level.

The Directive's provisions are not applicable to financial services, as they are defined in art. 2 B of Directive 2002/65/CE, the services and electronic communication networks, resources and associate services concerning the matter regulated by Directives 2002/19/CE, 2002/20/CE, 2002/21/CE and 2002/58/CE and neither to transporting services, as they are regulated through other community tools.

Through this Directive, the freedom of establishment of the service provider is assured. In order to reach this objective, the member states have the obligation to promote administrative simplification, to assure unitary authorising conditions and to introduce restrictions in providing a certain type of service only in clearly defined conditions.

1.2. Administrative simplification

The Directive foresees the obligation of member states to simplify procedures and formalities needed in accessing and exercising a service activity. It is being established that member states accept any document of another member state (certificate, attestation etc.) which proves fulfilment of a requirement by a service provider or by a service beneficiary. Also, it is stipulated the implementation of the institution "point of single contact" beginning with 31st December 2008, within which the providers can accomplish the following procedures and formalities:

- (i) Declarations, notifications or authorization requests to competent authorities, including requests to enrol in registers, data bases or professional associations;
- (ii) Authorizations requests necessary for providing services activities.

Beginning with 31st December 2008, the obligation for all members states to simplify and ease all the procedures and formalities concerning access to and exercise of a services activity, even at distance or electronically, is being introduced.

1.3 Authorized policy

The Directive foresees that application of an authorisation scheme of access to and exertion of a services activity to be made only if the following conditions were met:

- (i) the authorisation policy is not discriminating against the service provider;
- (ii) the need of the authorisation scheme is fairly justified through imperative reason of general interest;
- (iii) the purpose pursued can't be realized through a less constraining mean.

The authorization must permit the supplier to have access to the services activity and to exercise it on the whole national territory, inclusively through creating agencies,

branches, subsidiaries and offices, with the exception of the situation in which an authorization for each establishment is objectively justified through a reason of general interest.

Concerning the period of time for the validity of the authorization, the regulation decides that the authorization given to a provider doesn't have a limited length of time, with the exception of the situations in which the authorization makes the object of a automatic renewal, and the number of available authorizations is limited or the limited length is objectively justified through a reason of general interest.

Due to the lack of response in a given delay of time, authorization must be considered as granted. As an exception, there are some specific activities for which a general interest reason is justified.

1.4. Requirements prohibited or subject to evaluation

The Directive restricts the right of the member states to set specific requirements with regard to the access to or the exercise of services activity.

Among those prohibited, there are the discriminating requirements based directly or indirectly on nationality and, especially the requirement of nationality or the one of being resident (on the territory of the state of establishment) for the provider, staff or people who share registered capital or the members of the management and supervisory bodies.

Also, the interdiction to establish in more member states or to be registered in records or professional bodies of more states, as either the restriction of freedom of the provider to choose between establishing with a principal title or a secondary one or the restriction of choosing among establishments in agencies, subsidiary or branch, are not allowed.

At the same time, the conditions of reciprocity with the Member State in which the provider already has an establishment (with the exception of those provided for in Community instruments regarding the energy), an obligation to provide or participate in a financial guarantee or to take out insurance from a provider, or the obligation of being registered for a period of time in records held on the territory of the state of establishment and the exercise of services activity for a determined period of time on the state territory, are also prohibited.

The regulation sets down a series of conditions which the member states have the obligation of examine and evaluate for making them compatible with the following three conditions:

- (i) non-discrimination (requirements aren't directly or indirectly discriminating by nationality or, concerning societies, by headquarter);
- (ii) necessity (requirements are objectively justified through a reason of general interest);
- (iii) proportionality (requirements are adequate for guaranteeing the achievement of goals and don't surpass what is needed in realizing it).

Among requirements that need the evaluation of the legal system, the following must be taken into account:

- (i) the limits fixed according to population or of a minimum geographical distance between providers or to take a specific legal form;

- (ii) requirement of a minimum capital disposal for specific activities or to have specific professional skills;
- (iii) requirement of a minimum number of wage earners;
- (iv) compulsory minimum and/ or maximum tariffs that the supplier must observe.

1.5. Freedom to provide services

Such provisions ask the member states to respect the right of the supplier in providing services and guarantee him/her “the free access to and free exercise of a service activity on their territory”. In other words, a provider can’t be asked to open an office in the state where he establishes temporarily or to establish “a certain infrastructure” on that territory. The provider will not be forced to register with a professional body and also, he won’t be forbidden to use the equipment from his origin country that he needs. Moreover, the member states won’t be allowed to prevent or restrict service provision through “application of specific contractual arrangements between the provider and the recipient”.

Thus, on the one hand, the law prohibits member states to raise obstacles in the path of the freedom of services. On the other hand, allows the member states to justify why they have limited this freedom of services, based on the national legislation. Such arguments relate to public security, environment protection and public health.

As a matter of fact, states are not allowed to force a firm to obtain special authorizations to work in the host country or to restrict the use of equipments from their origin country. Governments are allowed to constrain a services provider on condition of public health or security, but they must prove the necessity of their action. Also, states must create information desks, from which companies obtain information about the ways of operating in the host country, and this service must be simplified.

Moreover, member states are forbidden to restrain the free circulation of services delivered by a supplier established in another member state, through enforcing him some demands as follows: supplier’s obligation of settling down on their territory, supplier’s obligation to dispose of an address on their territory or an official, or choosing their residence next to a favourite person, supplier’s forbiddance to equip on their territory with certain infrastructure, supplier’s obligation to respect the demands concerning the exercise of a services activity, that are applicable on that territory.

1.6. Rights of recipient of services

Member’s states may not enforce requirements to recipients of services, which restrict the use of a service delivered by a provider established in another member state, such as: the need of obtaining an authorization from the competent authorities or to make statements, the restriction of possibilities in fiscal deduction or allocation of financial aids, submission of the recipient to discriminating or disproportionate fees on the necessary equipment for receiving a distance service, which is provided from another member state.

1.7. Posting of workers

In the event that a provider posts a worker on another member’s state territory on condition to provide a service, the member state of establishment checks, inspects and investigates to ensure compliance with the employment applicable conditions of the Directive 96/71/CE.

The member state of establishment can't impose the provider or the posted worker a series of requirements such as: the need of obtaining an authorization from the competent authorities or to be registered, the obligation to make a statement, obligation to dispose of an office or to keep and preserve social documents on his territory.

Also, the state of establishment has to establish communication and to deliver the competent authorities of the state of origin information and necessary assistance.

1.8. Quality of services

This Directive contains provisions concerning quality of services, which take into consideration the information which the provider must lay at recipient's disposal, such as its identity, characteristics and means of communications, provider's insurance in case its services involve a high level of health, security or financial risks for the recipient, information about the existence or non-existence of a after-sales guarantee and also information concerning the general conditions and clauses.

Finally, this Directive foresees mutual assistance measures among member states, to ensure an efficient check of providers and of their services.

1.9. Services covered by the Directive / Excluded services

Among covered services by the Directive are to be found:

- specific companies services: counselling and management, authorization and checking, offices maintenance, advertising or recruiting services, commercial agents services;
- services delivered to firms and clients: juridical or fiscal counselling, real estate agencies, services concerning construction, such as architects, distribution, planning, commercial fairs, travel agencies, car rental;
- services for clients: specially travelling, including tourist guide services, spare time ones, sports centres and amusement parks²;
- some jobs (like advocacy for example) that are covered by the Directive, although it is subordinated to sectors regulations in force in the EU.

Among services excluded by the Directive are:

- general interest services that don't have an economic character (e.g. public education);
- some social services provided by the state or providers represented by state (social housing, aids for people that are in difficulties, aids for children);
- other services, such as health, child care, in case that state covers them, form the objective of a special legislation in the future;
- gambling or notaries services;
- taxation policy is not covered by the Directive.

² The services of economic general interest (supply of water, gas, electricity) are covered by the directive provisions regarding the freedom of establishment, and not by the article concerning the free provision of services.

1.10. Evaluation of effects in Romania

Convergence requirements with community averages (reflected as well by the higher economic growth rates that are secured for long periods of time, as decades) impose Romania to take advantage of all opportunities offered by the Internal Market. This Directive offers exactly such an opportunity.

So, we estimate that implementation of the provisions of the Directive in Romania won't have negative effects on services market. In the actual stage of national development of services, we expect to attract more foreign investments in this sector as to create a competing environment favourable to the development of quality services.

On the other hand, the low cost of labour in Romania and its relative good level of qualification will exclude the use by foreign services suppliers (investors), on short or medium term, of foreign labour and so the unemployment rate in services won't go up, but on the contrary, it's expected to diminish.

1.11. Conclusions

The Directive provides the legal framework for eliminating legal or administrative requirements, which form obstacles in the path of freedom of establishment for service providers and the free movement of services. Such activities are classified as activities pursued in a self-employed capacity for the purposes of Articles 43 and 49 of the Treaty.

The purpose is a simplification of the administrative procedures established at member state level, taking into account the complaints of service providers concerning the burden of authorizations (unclear criteria, long terms, discretionary forces for local authorities, great number of documents required, needful costs and time allocated to administrative procedures).

For eliminating the noticed deficiencies, an examination and evaluation of authorisation schemes and procedures are foreseen. They have to be non-discriminatory, transparent and made public in advance; the number of required documents must be reduced and the recognition of documents issued by the competent authorities of the state of origin of services provider is imposed.

The matter of implementing, organizing and functioning of the single contact is left to the member states, but it is recommended that a private organism takes charge, because it is directed towards the services market; these offices can be organized at a national or regional (local) level. The purpose of the point of single contact is to provide the procedures and forms needed for accessing a service offered by various operators, and the formulation of the demand and the acquirement of the necessary authorization for exercising a service in a communitarian country. The point of single contact does not require the obligation of the authorities to offer legal advice for individual cases.

The information given by the point of contact must be formulated in an intelligible manner, suitable of being accessed from long distances and updated daily.

Concerning the way of financing, public subventions or taxes paid by the companies who ask for the services of the points of contact could be introduced.

The directive does not mention anything about the working language which should be used by this organism in its relationships with the foreign services providers; as a rule, the used language should be the national one, but the possibility of using another

communitarian language is strongly recommended; documents should be elaborated for an easy translation into another foreign language.

Starting with 2008, electronic procedures will be introduced by the single contact to allow the access to services provided and it is recommended the broadcasting and the utilization of the best practices within these procedures.

Concerning the obstacles which must be removed out of the way of freedom of establishment (as well as for the free provision of services), the directive stipulations are based on the Court of Justice's jurisprudence.

The introduction of new requests must be seen as an exception, only for solidly justified situations according to the norms' provisions.

Referring to the free provision of services, the main problem that appears is generated by the fact that member states seek to assimilate and treat the temporary foreign providers of services as their own providers; the states require them all sorts of authorizations, certificates and declarations, which contradict the communitarian jurisprudence.

The cooperation between the national authorities for the correct implementation of this new rule is considered very important.

2. The statistical analysis of the services market in Romania

2.1. Introduction

The development of market services, both for the population and the companies, represents a positive factor for the economic growth in Romania. The economic changes have conducted to the increase of the number of firms operating on the market, which provide diverse services for the population and for the economic environment. The decision of starting negotiations between Romania and EU has represented an important factor, with impact on the evolution of this sector. The development of this sector, in the short run, is directly influenced by the following factors: the European market evolutions - will determine in a specific way the structure of the supply on the services market; the development of other economic sectors - increases the services demand by the firms that are active in this respective industry; the growth of the population income etc. Thus, in the analyses of the services market, the following factors are considered:

- i.in the short and medium term, the EU will face a sustainable development of this activity sector;
- ii.the development of this sector should be regarded from the perspective of the analyses of services demand, expressed by population and companies;
- iii.the evolution of services is based, in an important way, on the evolutions recorded in the other national economy branches;
- iv.the new norms of the European services of general interest should generate some favourable changes at the service markets level.

As follows, a sort of characteristics for the European and national services market will be emphasized, by using elements of econometric and descriptive analyses. For this study, data bases from the National Statistic Institute publications have been taken over. We highlighted the annual publication „The results and performance for the commerce and service enterprise” and the Annual Romanian Statistics 2007, period of time 1990-2006.

2.2. The services at European level

In 2000 the members of EU adopted the “Lisbon Agenda” which established that the European economic area should become the most competitive area in the world over the next 10 years. The EU accession process of the Central and Eastern European states, combined with several economic and political issues (the increase the oil’s price, the prolongation of the war) which haven’t been considered, divided the EU’s attention from accomplishing this purpose.

According to the provisions made by experts of the European Commission during 2006-2008, the increase of GDP in real terms is estimated at 2.1-2.6%. For the USA the period 2007-2008 is estimated to have a global economic increase of almost 3%. In the economic development of these regions an important role is represented by the development of the services market. According to international studies, nowadays the developed countries of the world are “services economies”. The importance of the

economic and social domains is well recognized, attention being paying to the tertiary sector within the development strategies³.

The access to efficient services and especially to modern services of production became a decisive factor of both, the economic development and the competitiveness of contemporary economy. In a short period of time, the proportion of the population employed in services increased.

Over the next paragraphs, we will present some models which analyze the service sector position in a developed economy. The first model of regression propounds an analysis of the linear report between the weight of labour force in the services field into the entire labour force (P_L) and the weight of the volume of activity in the services field into the aggregate level of each country's economy (P_GDP). For establishing the existence of considerable differences between the European states and Australia, Canada, USA, another model that contains the “dummy” variable must be defined. The “dummy” variable attributes “1” for a European state and “0” for the others.

The second model is a redefinition of the first one: the variables are log (P_L) and log (P_GDP). The estimation for this model was realized using the smallest squares method with the help of the information for the years 1996⁴ and 2003. The results are displayed in Table nr.1. In brackets, below each number, the average standard deviation is stated; for each number, the interval of significance for which the parameter is allowed to be different from zero, is specified.

Table 1. The parameters of the linear regression model

	2003				1996
	M1	M2	M3	M4	M4
a_0	45.68 (12.336)	51.57 (11.340)	2.64 (0.772)	2.73 (0.696)	2.76 (0.920)
a_1	0.39 *** (0.186)	0.39 ** (0.166)	0.390 *** (0.850)	0.39 ** (0.166)	0.37 **** (0.221)
a_2		-7.72 *** (3.600)		-0.107 *** (0.052)	-0.127 ** (0.059)
R^2	0.24	0.44	0.24	0.43	0.38
AIC	6.64	6.46	-2.03	-1.87	-1.77

* $-a < 0.01$, ** $-a < 0.03$, *** $-a < 0.05$, **** $-a < 0.1$

Conclusions:

- For 1996 the linear report between the 2 variables is not checkable because the parameters of the M1-M2 models are not far from the “0” value;
- The services market is more developed in the 3 countries (Australia, Canada, and USA) than in the EU.

³ Competition, productivity and prices in the euro area services sector, Occasional paper series no 44/2006, Task Force of the Monetary Policy Committee of the European System of Central Banks

⁴ This year it was chosen because starting with 1995 the international trade services was developed based on the standard rules of the Uruguay agreement.

Considering the conclusions, it is obvious that even the less developed countries (category that includes the states in transition to a market economy) must examine the place and importance of the services into a systematic transformation.

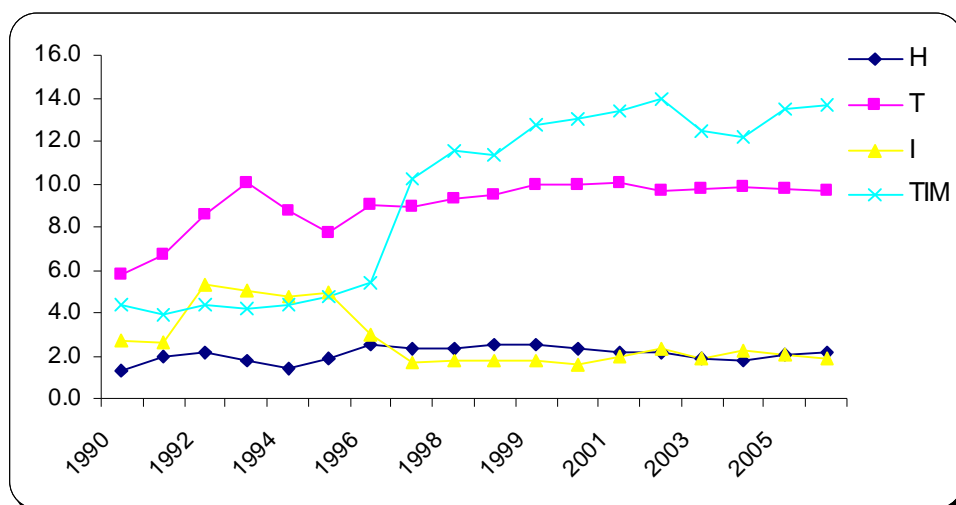
2.3. Romanian service sector

The National Statistic Institute (NSI) declares that the market services “represents the amount of selling and buying activities from the market, no matter the moment of payment, the type of price and the means of paying⁵”. Considering the mentioned source we don’t include in this field of activity the commerce, the financial activities, banks, insurances, education and health. The NSI data permit the evaluation of the characteristics from the following categories of services: market services for the population, transport, post office and telecommunications, real estate transactions and the services supplied to firms, as well as activities for waste sanitation and management.

In 2006 the structure of services was as follows:

1. 22% of the market services are for the economic companies (exclusively postal, transport and telecommunication services)
2. 17% of the market services are for the population (exclusively postal, transport and telecommunication services)
3. 61% of the market services are for the population and economic companies also (exclusively postal, transport and telecommunication services)

In the following graphic, the GDP evolution for the period 1990-2006 on four categories of resources is presented: Hotels and Restaurants (H), Transport, warehousing and communication (T), financial intermediary (I) and real estate transactions, renting and other services carried out by firms (TIM). These four directions emphasize the following: (i) beginning with 1996, real estate transactions, renting and other services carried out by firms (TIM) have developed a lot. During just two years – 1997 and 1998, this category had doubled its weight in GDP; (ii) two categories of services, Hotels and Restaurants and Transport, warehousing and communication had maintained at the same level of GDP beginning with 1995, and Financial intermediary have the some characteristic of 1997.



⁵ The results and performance of the service and commerce firms, NIS, Bucharest, 2007

Figure 1. The weight of an activity area in GDP during 1990-2006

2.3.1. Services market delivered to population

In the following paragraphs, some characteristics of the evolution of the service market will be presented. For this, the statistics of the National Statistic Institute that characterize these services are used.

A. During the period 1992-2006 the volume of the services delivered to population grew with 120.4%.

Important growth has been register in 11 years, and a decrease, as compared with the previous years, just in three years. The growth has been different for diverse periods and it was influenced by the area of activity. Thus, during the period 2001-2004, it was registered an annual average growth of 13,6%, bigger than the one registered during the period 1993-2000. In the two years that preceded the Romanian accession to the EU, the highest annual growth of 14,5%, has been registered. This situation is characteristic for the beginning of 1997 (the deflation was of 31,5% comparing with the previous year), 1998 (3,7%) and 2001(5,4%).

Table 2. Annual growth parameter for service

Period	Annual average growth parameter
1993-2000	105,6
2001-2004	113,6
2005-2006	114,5

B. A number of five market services hold the majority of the market volume.

Those five services, stated in the order of their importance for the year 2006 were: (i) Restaurants, (ii) Sport activities and other spare time activities (iii) Hotels, (iv) Pubs, snack bars and other places for preparing the meal (v) Radio and TV activities. The other activities have a smaller weight in the volume of the total activities delivered.

Analyzing the results presented in Table 3, we can say the following:

- In the analyzed period, the services had a sustainable development, the average growth was around 8% per year;
- The most important growth, which exceeds those realized at the globally market services, had been registered at the following types of services for the population: Radio and TV activities, Photographic activities, translations, secretariat, copying documents, Renting personal and domestic goods and Art and entertainment activities;
- For the majority types of services, the most important type of growth was registered during the period 2005-2006. The only type of service that registers a decrease of 0.8% was “The production, distribution and projection of cinematographic films”.

Table 3. Annual movement of increase/decrease of population services (%)

	1993-2006	1993-2000	2001-2004	2005-2006
Total services	8,5	5,6	13,6	14,5
Hotels	7,6	6,3	4,8	6,8
Camping and other facilities for short term housing	13,6	-8,5	40,5	50,4
Restaurants	5,7	-3,6	19,5	14,9
Pubs, snake bars and fast food restaurants	4,0	0,1	19,4	22,9
Tourism agencies and tourist assistance	9,3	8,7	5,8	13,1
Renting personal and domestic goods	19,5	35,6	-34,4	11,9
Photographic activities, translations, secretariat, copying documents	19,8	15,3	21,8	27,8
The production, distribution and projection of cinematographic films	17,8	22,5	21,8	-0,8
Radio and TV activities	20,3	29,2	21,3	8,6
Art and entertainment activities	15,6	7,8	23,3	4,6
Press activities, libraries and museums	10,3	4,9	42,3	23,6
Sports and other spare time activities	12,9	13,3	13,4	20,4
Other activities	4,1	2,4	-2,3	15,4

C. At the level of the market services delivered to population, a growth of the number of firms, of their workers and a decrease in dimension of the providers, based on the average number of workers, can be noted.

Thus, we can argue the following:

- During the period 1998-2005, the number of firms within this sector of activity doubled, growing from 18288 in 1998 to 34668 in 2005. The most significant growth registers during 2001-2005, as shown by the following graphic:

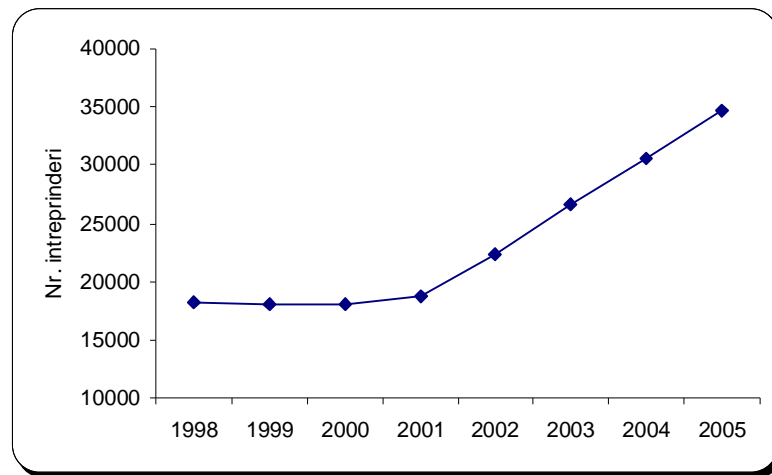


Figure 2. The evolution of the number of provider firms during the period 1998-2005

- The average growth rate of this sector, during 1998-2003, was at 3,16%, representing, in absolute terms, a growth of 40 407 persons. A specific important growth was registered during 2003-2005, when the average growth rate was 9,5.

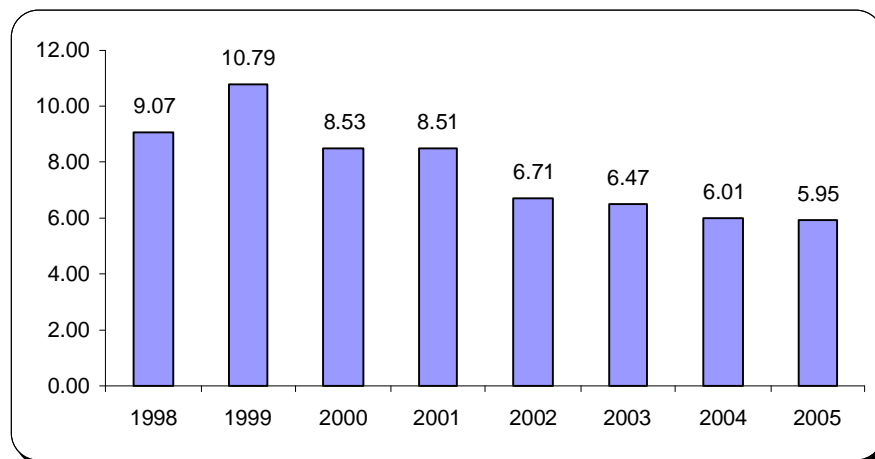


Figure 3. The average number of workers in a firm that provides services for population

At this level, the reduction of the number of wage earners in a firm can be noticed. Thus, the average number of workers has decreased almost to half during the period 1998-2005. On the other hand, the average turnover didn't change too much. In the 2006 prices, the turnover grew from 352,7 mil. in 1998 to 357,1 in 2005.

D. The firms from this sector were interested of the modernization of their activities, through year by year investments.

The investment volume of the firms providing services for the population during the period 1998-2005 has grown more than 3,3 times. The average investment made by a firm, in 2006 prices, was of 43,72 mil. lei in 2005, respectively 1.75 more than in 1998. The average annual growth during the period 1998-2000, was a negative one, being

equal to -6.6%. During the period that preceded the accession of Romania to the EU, an average investment growth per firm of 6.9%, at an annual average percent, has been registered. For the entire period, an important growth of investments per firm, comparing with the turnover is noticeable. This situation can be explained by the firm's orientation to a long period development vision.

Table 4. The average parameters characterizing a firm (2006 prices)

Year	The average number of employees	The turnover	The investment volume
1998	9,07	352,7	24,92
1999	10,79	435,9	29,77
2000	8,53	399,9	21,73
2001	8,51	413,9	34,74
2002	6,71	325,8	30,26
2003	6,47	335,0	32,00
2004	6,01	366,8	42,36
2005	5,95	357,1	43,72

E. The biggest weight of employees is registered in the private enterprises. Moreover, the weight of private property in this sector grew from 92.4% in 2003 to 94.3% in 2005.

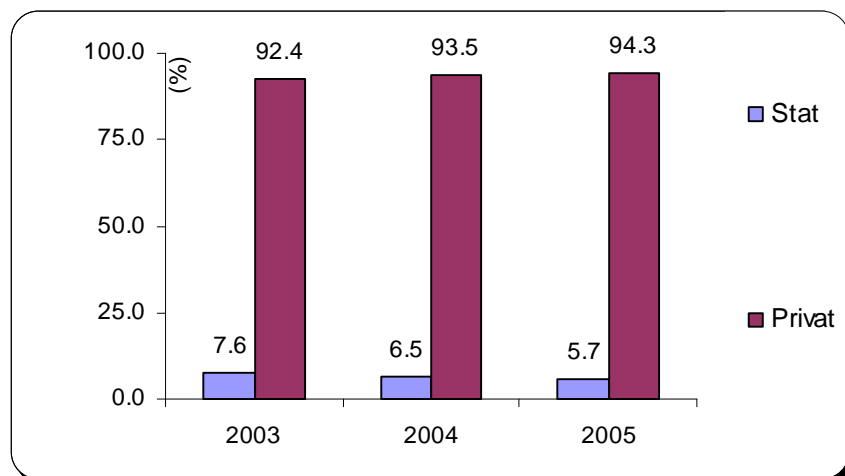


Figure 4. Distribution of employees by state and private owned companies

F. The concentration degree of the specific services delivered to the population declined during the period 1993-2006, a high diversity of services on the market existing during the period.

For characterizing the service concentration degree for a certain type of service we must calculate the Herfindahl⁶ concentration coefficient. In order to calculate this coefficient for 14 years, the following elements must be considered:

- X_{it} represents the volume of activity at the level of market services delivered to population $A_i, i=1, \dots, 13$ for each year level.
- $X_t = \sum_i X_{it}$ is the total service volume on the market delivered to population each year.
- $y_{it} = \frac{X_{it}}{X_t}$ represents the weight of one type of service from the total amount of services delivered to the population.

Based on these parameters, the Herfindahl concentration coefficients will be calculated, on each year level, based on the following relation:

$$H_t = \sum_i y_{it}^2, t = 1993, \dots, 2006 \quad [1]$$

The values calculated for the period 1993-2006 are presented in Table 5 and are graphically represented in Figure 4. The results of this table show the high diversity of services delivered to population, as well as a decrease on concentration over the period 1993-2000. Beginning with 2001, the Herfindahl parameter stabilized at the value 0.13.

If during the year 1993, the first three types of services (Restaurants 26,46%, Pubs, snakes bars and fast food restaurants - 23,02% and Hotels - 15,61%), represented about 65,08% of the services delivered to population, in 2006 these services were still dominating (Restaurants-18,87%, Pubs, snacks bars and fast food restaurants-13,26% and Hotels-13,99%), but their weight has decreased to 46,12%. Over the period, the increase of other services took place. It is the case of Radio and TV activities, from 3,18% to 12,17% and Sports and other spare time activities from 9,91% to 16,63%.

Table 5. Herfindahl concentration coefficients for the services delivered to population

Years	2001	2002	2003	2004	2005	2006
Ht	0,130	0,132	0,136	0,130	0,132	0,131

Years	1993	1994	1995	1996	1997	1998	1999	2000
Ht	0,174	0,173	0,156	0,153	0,153	0,143	0,138	0,134

⁶ For more details see Andrei, T., Statistics and Econometrics, Editor Economics, Bucharest, 2003, p. 153-157

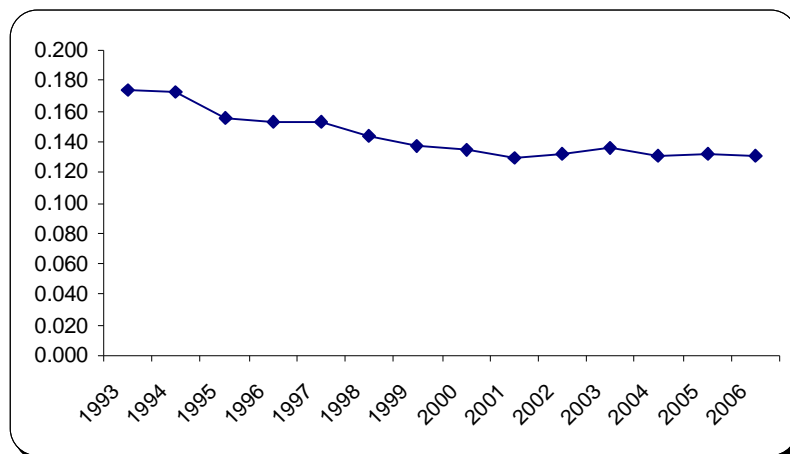


Figure 5. The evolution of Herfindahl concentration coefficient during the period 1993-2006

G. The concentration degree for the market services reporting to the firm dimension is bigger at the state level then at the private level. Moreover, around 90% of wage earners of the public sector work within firms that have more than 250 employees. Among the wage earners of the private firms, 33,5% work within the firms with less than 9 employees, which represents 92,8% of the total number of private firms from the services market.

For the years 2003-2005, National Statistic Institute redistributes the number of employees for this sector in five groups: below 9 employees, between 10 and 19, 20-49, 50-249 and above 250 employees. Using the mathematic relation [1] we can determinate the Herfindahl concentration coefficient at the level at 2003, 2004, 2005 both, for the public sector and the private sector. The Table 6 presents the distribution of the number of employees by firms, by their size and form of property.

Table 6. Distribution of the number of the employees from public and private sector, by size of the firm

Private sector					
Year	Firms by the number of employees (%)				
	0-9	10-19	20-49	50-249	20 and more
2003	40,3	14,0	13,8	20,2	11,7
2004	37,4	10,2	15,7	22,4	14,2
2005	40,5	14,4	16,9	17,0	11,1
Public sector					
2003	0,0	0,3	2,8	7,5	89,4
2004	0,0	1,2	2,3	6,7	89,9
2005	0,9	0,9	1,6	5,8	90,8

Based on the results we can formulate the following conclusions:

- The highest number of employees from the service sector delivered to population is the employees of private firms. Thus, the weight for three years

has evaluated like this: 92,4% in 2003, 95,5% in 2004, respectively 94,3% in 2005.

- The majority of state firms are included in the category with more than 250 employees (around 90% of the state employees work at the firms with more than 250 employees).
- Around 40% of private sector employees are working in firms with less than 10 employees.
- The average investments per employee made by the big private firms are bigger than those with a smaller number of employees. Thus, the value of the coefficient that emphasizes the proportion between the firms with 250 employees and the firms with 10 employee is the following: 1,6 for 2003, 2,5 for 2004, respectively 1,3 for 2005.

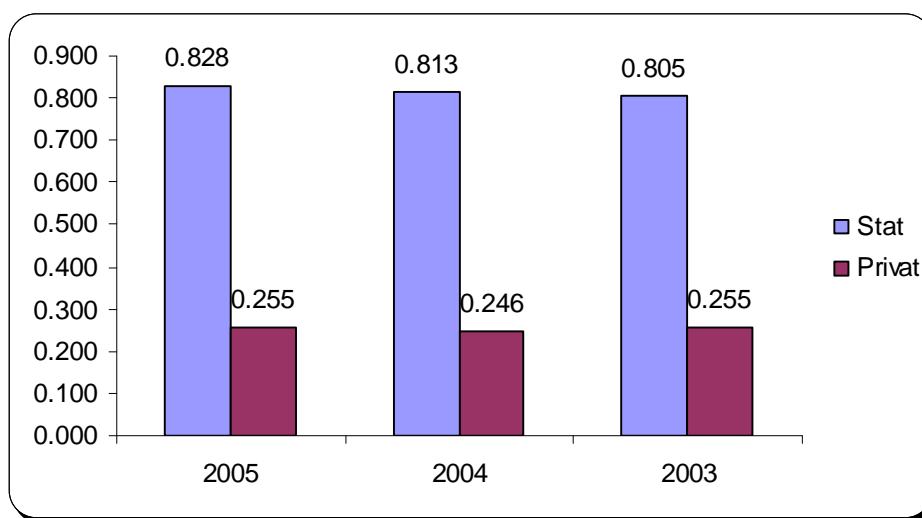


Figure 6. Herfindahl coefficient calculated for the degree of concentration on the employees, firms and their dimension analyses

H. Gross added value at the factors' price (GPVFP) and employees expenditures (EE), calculated as average per employee, have a higher value at the level of firms with more employees.

For these two indicators, we calculate for the years 2003-2005 the report of the average levels, by type of firm and the level of the characteristics registered for firms with the smallest number of employees. Thus, we have the results stated in Table 7, and we can say the following:

- GPVFP per employee is bigger within firms with a higher number of employees. For 2005 this level is more than five times bigger than the firms with less than 250 employees.
- As regarded, the expenditures per employee grow with the firm dimension.
- For the biggest firms, the report calculated for GPVFP is bigger than the one calculated for EE. For the firms from the first two groups the values are almost equal.

Table 7. The coefficients for GPVFP and EE

Year	Gross added value at the cost factors					Employees expenditures				
	0-9	10-19	20-49	50-249	249 and above	0-9	10-19	20-49	50-249	249 and above
2003	1	1,3	1,2	1,6	4,8	1	1,3	1,2	1,7	3,1
2004	1	1,5	1,7	3,0	3,9	1	1,5	1,8	2,5	4,5
2005	1	1,6	1,7	2,3	5,5	1	1,4	1,7	1,8	3,7

2.3.2. Market services for firms

In the following paragraphs, some characteristics of the evolution of the market services delivered to enterprises during the 2003-2005 will be presented. The analyses is made on this period for two reasons: the accession process induces some sort of changes at this market level, and a long term analyses won't bring relevant information for emphasizing the characteristics of this market; (ii) the firms' classification on these five categories (0-9, 10-19, 20-49, 50-249 and 249 and above) is stated by NSI only for this period.

A. During the period 2003-2005 the number of firms from the private field increased and the number of firms from the state sector decreased.

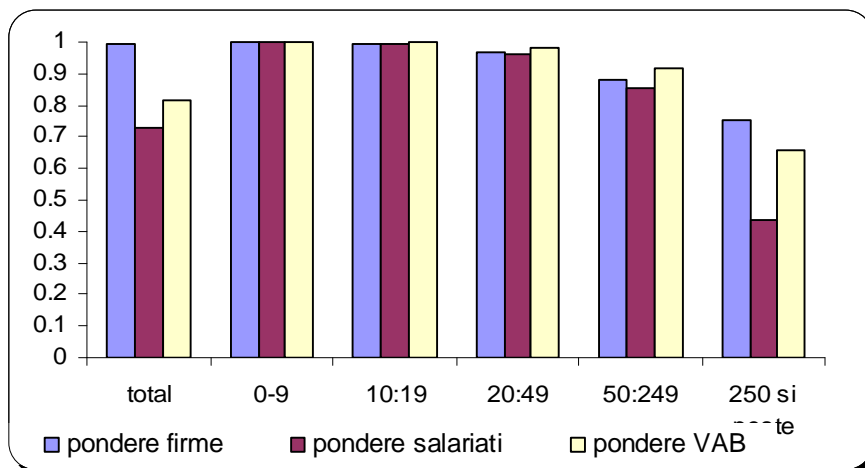


Figure 7. The weight of the number of firms, employees and the turnover from the private sector, at the level of the services market delivered to enterprises in 2005.

In 2005, 99.93% of firms had private capital. The majority of them, 93,3%, were firms with less than 10 employees. Among the firms with more than 250 employees more than 75% had private capital.

B. The weight of gross added value at the factors' cost in the private sector, by total and by groups of enterprises, outruns the weight of the firms' employees in the total number of employees that deliver services, principally, for firms.

In the Graph 7, the firms' weight, the number of employers, and the gross added value for the private sector, by groups of firms defined by the employees' number, is compared. It can be observed that for the biggest firms the weight of gross added value outruns the value of the employees.

C. The concentration degree is more relevant in the private sector by firms regarding their dimension, the number of employees and the gross value added. On the other hand, for the private sector, the concentration is less noticeable regarding the distribution of the number of firms.

In the Table 8 the values of Herfindahl concentration coefficient for the firms with private and public capital in order to distribute the firms by the employees' number is presented. Thus, we can formulate the following conclusions:

- For the public firms, the biggest gross added value weight, at about 92%, is obtained by firms with more than 250 employees. At this firms level, around 88% are employed;
- For the private sector, the smaller firms realize a quarter of GPV from the private sector for the services delivered to firms, and the employers' weight is 33%. Moreover, the two values for the firms with more than 250 employees are 40,6%, respectively 25,2%.

Table 8. Herfindahl concentration coefficient

	Private			State		
	Nr. firms	Nr. employees	GVA	Nr. firms	Nr. employees	GVA
2003	0,852	0,231	0,233	0,272	0,820	0,908
2004	0,870	0,240	0,300	0,276	0,788	0,879
2005	0,873	0,239	0,273	0,272	0,786	0,853

D. The average investments for an employee are higher in the private firms then in the public firms.

Table 9. Average investments per employer

	Private	State/person	Report
	lei/person		Private/Stat
2003	150908	125758	1,20
2004	123957	100959	1,37
2005	143700	87238	1,80

Private firms invest more than state firms for the development of their own activities and for the introduction of new technologies. Thus, at the level of 2005, private firms were investing, in average, more than 80% for an employee then the state firms.

2.4. The evolution of the tertiary sector in Romania's economy

Once Romania entered the EU, the economic policies of development and especially the services policies had to adapt at the European's market trends. Over the last seven years, a succession of positive results has been registered: in 2000 the GDP/inhabitant was 23% of EU-15 and 25.2% of EU-25 members, both numbers increased at 28.8% and 31.1% in 2005⁷.

⁷ The European pre accession programme, edition 2005, Romanian Government, November 2005, p. 160

A. Industry represents a positive factor for the development of services markets because an amount of firms from the service field are carrying out services for firms from this activity field. Moreover, the redundant personnel in industry were reoriented towards the services market.

In this respect, some characteristics of the transition process in the industry area are presented in the following paragraph. Some of the characteristics that show the industrial transformations over time periods and in territorial profile are presented.

The planned economy let Romania with old technology and inadequate structures. The transition period brought important changes in economy. Besides all this efforts, the image of Romania is of a state still marked by its economic heritage. The number of employees in the industry sector decreased with 1.696.487 in the 1991 (3.188.055 employees)-2004 (1.491.568 employees) period.

The number of employees decreased with 53.2%. (1992- 13.8%, 1993- 5.8%, 1994- 6.4%, 1995- 9.5%, 1998- 6.1%, 1999- 13.0% , 2000- 6.0% , 2004- 5.7%). There were short periods of insignificant increase in the number of employees (2001- 1.9% and 2002- 0.2%).

B. The industry transition brought a considerable reduction of employees in all development regions. The most affected regions were those with heavy and extractive industry.

At the level of the eight regions of development, the decreases are presented in the next table. In the regions 1 and 8 a decrease of 60% was registered (the most significant) and in region 3 there was a decrease of 40% (the lowest).

The reduction of employees was the most pronounced at the main domains of industry. For example:

- I1 branch hold 18.28% from the entire number of employees which decreased with 79.7%
- I2 branch hold 19.80% from the entire number of employees which decreased with 43.2%
- I4 branch hold 2.74% from the entire number of employees which decreased with 14.2%

This result shows a difficult adaptation of the Romanian's industry to an open market and the artificial importance given to the industry during the planned economy.

Table 10. The decreasing number of employees in different regions during 1991-2004 and in electoral cycles (%)

		R1	R2	R3	R4	R5	R6	R7	R8	Total
1991-	<i>r</i>	-59.81	-50.84	-56.06	-53.13	-39.17	-44.94	-53.78	-60.48	-53.21
2004	\bar{r}	-6.77	-5.32	-6.13	-5.66	-3.75	-4.49	-5.76	-6.89	-5.68
1991-	<i>r</i>	-33.98	-31.89	-28.47	-35.47	-33.39	-31.20	-29.79	-38.49	-32.64
1996	\bar{r}	-7.97	-7.39	-6.48	-8.39	-7.81	-7.21	-6.83	-9.26	-7.60
1997-	<i>r</i>	-23.57	-21.88	-29.93	-22.57	-12.51	-18.81	-23.11	-27.89	-23.22
2000	\bar{r}	-8.57	-7.90	-11.18	-8.17	-4.36	-6.71	-8.39	-10.33	-8.43
2001-	<i>r</i>	-18.01	-4.52	-6.15	-0.04	4.55	-1.72	-11.14	-4.74	-6.19

2004 \bar{r} -6.40 -1.53 -2.09 -0.01 1.50 -0.58 -3.86 -1.61 -2.11

r - The rhythm of modification during each period

\bar{r} - The annual middle rhythm of modification during each period

C. An important source of labour supply for the services sector is the agriculture sector.

Currently, the agriculture is the sector in which an important part of the population works. The average of those working in agriculture is high above the values of the others EU states. Moreover, the GDP for agriculture is 11,6%, high above the balance of the population for this branch comparing with the total labour force which is 36,8%. The contribution of the service sector to GDP is about 46%, while the amount of labour force is just 25.4%

Table 11. GDP structure and active labour force in Romania (%)

	Agriculture	Industry	Constructions	Services
GDP	11,6	28,4	5,7	46
Active labour force	36,8	33,3	4,5	25,4

NSI – Statistic Bulletin nr. 1/2004, p. 84 and Statistics made by NSI in the householders

The advanced weight of the labour force in rural economy (40.8%) places Romania in a weak position, as compared to both the developed states and the transition ones, as can be seen in the Table 11. This weight reveals the shortcomings of the Romanian agriculture related to the excessive fragmentation of the agricultural land, reduced technological capabilities and underdeveloped systems of warehousing, distribution and transport. All these led to transforming the agriculture in a subsistence branch characterized by a low efficiency, despite an important dowering with natural agents and an increased growing potential.

By settling the above mention problems, the agriculture development will determine, in a medium horizon of time:

- The reorientation of the labour force from the agriculture sectors to the service sector. The statistics demonstrate that Romania is situated much below Poland, Czech Republic and Bulgaria, countries in which both the number of population working in the agriculture sector and the weight of this sector in GDP are much higher.
- The development of agriculture services performed to the benefit of population and firms. The turnover of the services that come from agriculture sector was at only 0,17% in 2005. This low value is explained by the low level of development of the food industry in Romania by the insufficient use of different development opportunities in the agriculture.

Table 12. GDP structure and the employed population in the main branches of economy (%)

Country	GDP			Labour force		
	Agriculture	Industry	Services	Agriculture	Industry	Services
1. Bulgaria	27.0	29.0	44.0	27.0	29.0	44.0

2.	Czech Republic	2.0	36.6	58.2	5.0	40.0	55.0
3.	Poland	3.8	30.5	65.7	19.0	32.0	49.0
4.	Slovakia	4.5	34.1	61.4	7.0	39.0	54.0
5.	Hungary	5.0	33.5	61.5	7.0	34.0	59.0
6.	Russia	6.4	38.4	55.2	12.0	29.0	59.0
7.	EU.-15	2.0	28.0	70.0	4.8	30.5	64.7
8.	USA	1.4	21.9	76.7	3.0	23.0	74.0

The Economist – World in figures 2002

During the transition period, due to the economic structural changes, the opening of the markets towards external competition and the change of population demand, the growth of the labour force in the service sector, both in absolute terms and in weight per total employed population, took place. The regressive model presented below explains the influence of two variables that are typically for the service sector, the weight of employed population in services in the total employed population (PPS) and the added value weight of the service sector in GDP (PAS), on the GDP per capita (GDP_L). The parameters were estimated based on the statistics of the 1990-2005. Results are showed below.

Table 13. Characteristics of the regression model for the GDP/capita analyses

	Model 1: $PIB_L = a_0 + a_1 PPS + a_2 PAS + e$	Model 2: $\lg(PIB_L) = b_0 + b_1 \lg(PPS) + b_2 \lg(PAS) + e$
a_0	- 980.5 (609.42)	2.60 (0.1431)
a_1	109.69 (27.748)	0.026 (0.0065)
a_2	-14.83 (7.599)	-0.0035 (0.0018)
R^2	0.797	0.794
DW	2.07	2.10

The data show two different situations:

- First one, in which the influence of the service sector in the GDP per capita growth is positive.
- The second, in which the added value of this sector in GDP plays a negative role on the GDP per capita.

The two trends are explained by both regressive models.

D. The service market, both for the population and for the firms, is influenced by the Romanian trade. Moreover, the providing firms have an important contribution in the direct export activity.

During the transition period, the exports outrun the imports. According to the National Committee for Prognosis the stock of the balance of trade registered in the first 7 months of 2007 a deficit of 15090 millions of Euros⁸. For the period 2007-2013, the net export will maintain its negative contribution to the real growth of GDP at almost 2%⁹, is estimated. The broad idea is that the weight of the deficit of the trade balance in GDP will diminish with 1,5% until it reaches 9.6% in 2013.

Table 14. The analysis of trade in the first seven months of 2006 and 2007 (millions of Euros)

	Export	Import	Balance sold
2006	19170.8	28724,7	-9553.9
2007	21600,0	36690,0	-15090.0

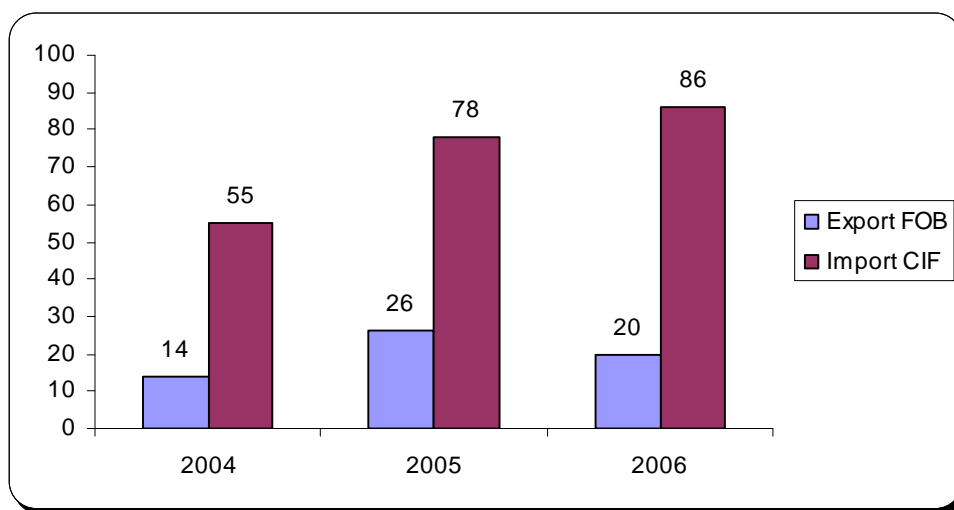


Figure 8. The export and import of services on the period 2004/2006

In the period 2004-2006, the service exports (including Information and connected activities, other service activities carried out by the firms; Entertaining, cultural and sport activities) were much lower than the services imports.

E. The high economic growth rate requires a development of the services market for the population and for the firms.

In 2007, the National Committee for Prognosis estimates for the period 2008-2013, an average annual growth rate of 5.7%, while the growth in the services field outruns the first one with 0.2%.

⁸ Estimating the evolution of the industry for the third quarter of 2007, based on the specific inquires, 2007, National Forecast Commission.

⁹ Economic growth and employment by 2013, NFC, 2007, p.2, <http://www.cnp.ro/ro/studii>

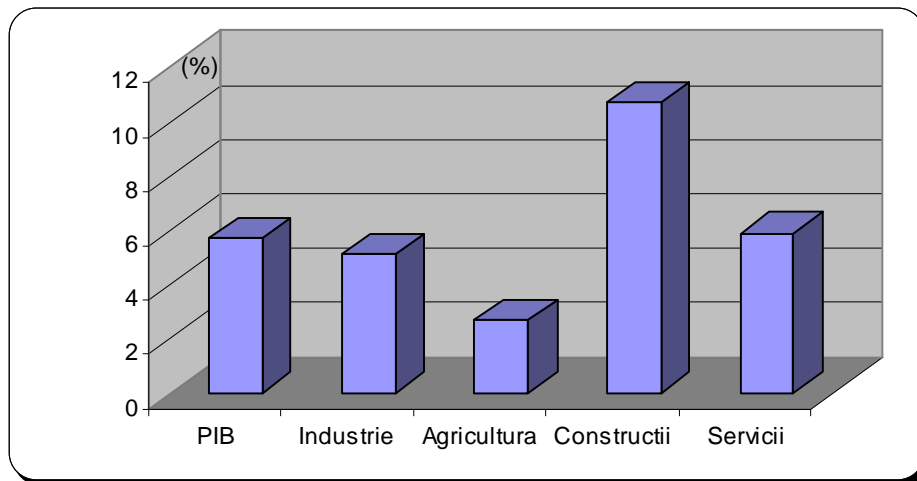


Figure 9. The annual GDP growth rate 2007-2013

Although, the evolution of Romania's economy led to a more favourable macro economy and regulatory environment for the growth of the services, the development process of the tertiary sector is delayed. The main major causes that explain why the new internal market conditions didn't led to a radical transformation of the Romanian sector of services during the transition period are enumerated in the next lines:

Ü The lack of success in the macro stabilization domain, the delays in the privatization process and the reorganization of the industry affected the growth potential of the national economy and restricted the possibilities of developing the services activities. At the end of 1998, 60% from the firms registered capital was still held by the state, which explains why Romania was considerably far behind the other European states in transition where privatization unfolded with sustained rhythm and the respective percentage was much lower since the end of 1997: 20% in Hungary, 30% in the Czech Republic, Slovakia, Slovenia and 40% in Poland.

Ü The absence of noticeable progresses in developing a powerful and healthy sector of small and medium sized enterprises that could bring about a rise of economic efficiency and an economic growth in the long run. Unambiguously, these limitations delayed the development of the services sector's branches that provide intermediate inputs for the industrial production, meaning the whole range of production services. The main source of demand for these services should derive from an industrial sector, restructured and modernised both technologically and organizationally, able to support the boom of new specializations, competences and jobs.

Ü There is a low degree of penetration in Romania's economy and society of the new information and telecommunication technologies. The international experience reveals the existence of a powerful correlation between the implementation of these technologies and the expansion of services, especially the production services, due to the fact that both production and provision of services depend more and more on the access to a modern telecommunication infrastructure, on the existent stock of computers and on the networks operating capacity.

2.5. Conclusions

Finally, a series of general conclusions regarding some characteristics of the service market and further possible evolutions is formulated:

1. At the European level, over the following period, the service market will grow both within the developed economies and the less developed countries. At this moment, the essential requirement for the development of a European services market is to guarantee non-discriminatory and unitary conditions, allowing for the unrestricted establishment of internal service operators. The adoption of this European directive ensures the compliance with of this fundamental condition, representing an positive factor in the development of the services market.
2. On a medium term, the development of services market shall represent an important source of economic growth for the countries in Central and Eastern Europe. The new EU provisions stimulate the development of this market and the free circulation of services. Both for Romania, as for the new EU member states, the reserves of general economic growth through the services sector are shown by its structures and productivity. At present, in the new member states, both the weight of services in the respective economies, as its corresponding levels of productivity, are far below the average of the EU. For instance, in 2005, in Romania, the labour productivity of the services sector was at only 40% from the average EU-25. The productivity growth will be stimulated by the penetration on the services market by providers, especially in communications field, which promote state of the art know-how and technologies, as well as by the encouragement of firms to make investments in modern technologies.
3. Over the period 1990-2005, the growth of weight of the labour force employed in the services sector was faster, as compared to the growth of the share of the added value of the same sector in GDP. This is the direct consequence of a lower productivity of this sector, as compared with others.
4. All in all, in the period 1993-2006 the services diversity destined to the population grew more on the entire market.
5. At the level of the market of services destined to the population, a growth of the number of firms, of the number of wage earners and a reduction in dimension of the providers firms with regard to the average number of employees, are recorded. The majority of firms, around 95%, have private capital.
6. In defining the point of single contact, the following things should be taken into consideration: (i) the existence on the market of a growing number of firms, generally with private capital and a reduced number of employees; (ii) the information systems that help the National Statistic Institute in the collection of statistic data; (iii) the NSI classification of the services in the market services for the population (12th sector) and services provided for companies (sectors 13 - Transports, 14 – Post and telecommunication, 15 - Real estate

transactions, and 16 - Renting and services provided to firms, as well as other activities such as sanitation and waste management)

3. Public policy proposal for the services modernization through the Point of Single Contact

3.1 General characterization of a Point of Single Contact

The Service Directive has, as the mid- and the long- term effect, the development of the single market at the high standards of the EU, in agreement with the provisions of the EU Treaty concerning the tertiary sector. So, the conditions for strengthening the freedom of circulation of services are created. The effects shall be perceived through the quality and productivity growths of services, as well as through economic growth.

For the implementation of the directive, EU members shall adopt specific measures to create the Point of Single Contact for the services providers willing establish in another EU country and for the development of an IT network of mutual assistance, meant to support cooperation between the respective regulating authorities. In Romania, the improvement the relationship between public institutions and citizens represents a priority of the administration reform. Under the new approach, the citizens' time needed to acquire services will be reduced to minimum and the services quality will be improved. In new system of services delivery, the observance of next hypotheses is recommended:

Hypothesis 1 – Reducing to minimum the citizens' time needed to formulate a request and obtain a quality service;

Hypothesis 2 – Elimination of redundant information contained by the documents required to apply for a service, through the promotion of administrative simplification in services;

Hypothesis 3 – Increasing the efficiency of the activity in administrative structures that offer services to the citizens;

Hypothesis 4 – Inter-connecting the citizens' databases that contain public information, while preserving the confidentiality of the personal data, to reduce the costs of service delivery;

Hypothesis 5 – Outsourcing specific activities required to provide services, thus decreasing the cost of services.

Hypothesis 6 - Expanding the practices of obtaining services through the access to the informatics networks.

Through the implementation of the Point of Single Contact, in the above mentioned hypotheses, all the procedures and formalities regarding the access and the effective provision of a service of general interest, are performed in a simple manner, at distance or electronically. The services in the point of single contact are provided on-line, partly or totally. The increase of efficiency of points of contact, recommends the development of specific strategies that permit the utilization of different data bases, connected in a network. As an example, we have the vehicles' registration system. In this respect, the inter-connection of data bases of vehicles and that of local administration related to tax payers are recommended.

Depending on the service complexity, the following two alternatives of Points of Single Contact are identified:

a) Point of Single Information (minimum complexity) assures the supply of information with regard to a certain establishment, in a specific domain. This alternative can be managed on-line, through the indication of specialized sites in information supply. Those sites are administered by different institutions. For instance, through a Point of Single Information all the formalities needed to start a business can't be resolved on-line. It merely represents the place through which one is only informed. A set of hyperlinks direct to the services competent authorities in solving the problems.

b) Point of Single Completion (maximum complexity) assures, in one place, the access to necessary authorities in completing all procedures and formalities for the establishment of the services provider and the free exercise of services. Behind these single interfaces, through electronic contact, the petitioner requirements are being transmitted for processing to competent authorities.

3.2 Necessary documents in the point of single contact

An important aspect in designing a Point of Single Contact is rationalization of content, reception, transfer and processing of documents necessary to request and provide a service of general interest. The documents "kept under control" by different management systems, which are at the base of the point of single contact, are grouped, according to their corresponding purpose, in documents that contain requirements and proofing documents.

Documents "kept under control" by management systems (quality, environment etc.)			
Documents that contain requirements			Proofing documents
Internal	External	Resulted from understandings with third parties	

Figure 10. The documents of the Point of Single Contact

1. **Documents that contain requirements** – are those issued by an authority, which contain conditions fulfilled in the point of single contact – this type of documents are named, depending on the issuing authority:

- Internal documents – are those documents which contain requirements (applicable in the point of single contact) and are issued by a relevant authority in the point of single contact (by a manager invested with the authority to set requirements).
- External documents - are those documents issued by an authority outside the point of single contact that contain requirements which are fulfilled by the point of single contact. These documents can be of 3 types:
 - i) The documents issued by a legal authority are those documents which contain "legal requirements "; such documents are laws, government decisions etc.;

ii) The documents issued by a regulating authority in a specific area of interest, economic, social etc. are those normative papers which contain “regulating requirements”;

iii) The documents issued by third parties and accepted by the point of single contact contain requirements that are fulfilled in the point of single contact when a relevant authority in the point of single contact endorses those requirements. Such documents are technical requirements of equipments and technologies issued by producers, standards, such as ISO 9000, ISO 14000 etc.

- Documents resulted from agreements with third parties (clients, partners etc.) – are issued through the negotiation with thirds and they are accepted by a relevant authority in the point of single contact. These documents contain “clients’ requirements “. Such documents are contracts, orders, understandings etc.

2. The proofing documents or records are those documents through which one proves/confirms accomplishment of requirements. They can have diverse forms: photographs, records on electronic support or paper etc. – this type of document shall be named “proofing documents” or “records”.

3.2.1. Interactive documents

The documents are helping us much more currently than before to create new relations, through the possibility of personalizing it according to the recipient wishes. The option of an interactive document also exists. This thing offers the issuing authority the possibility to diversify the access, the content and the method of transmitting the document, depending on recipient. The new administration structures, the new-techniques and strategists will be the effect of the “one on one” type of marketing. The document of the future shall support the communication and cooperation in the sense of growing the efficiency and the degree of satisfaction of our labour. Also, the documents could enable us to build several communication environments connected between them.

The organization is structured around the documents that constitute the base for providing a service to a certain person. Thus, at the level of an organization we will have diverse forms of storing the information from documents: in the classic form, on paper or in electronic format. The entire activity of the firm is organization around the form of reception, transfer and storage of the documents, based on which a service requirement is formulated. Thus the point of single contact can be defined as a structural design of documents received in application for a service, which stores the information needed to answer it, the document circuit and the resolution. Therefore, we can say that the documents summarise the essence of activities of the point of single contact. A simple analysis of the problems concerning the flow of documents shows the difficulties of classic management of documents in the conditions of a modern organisation.

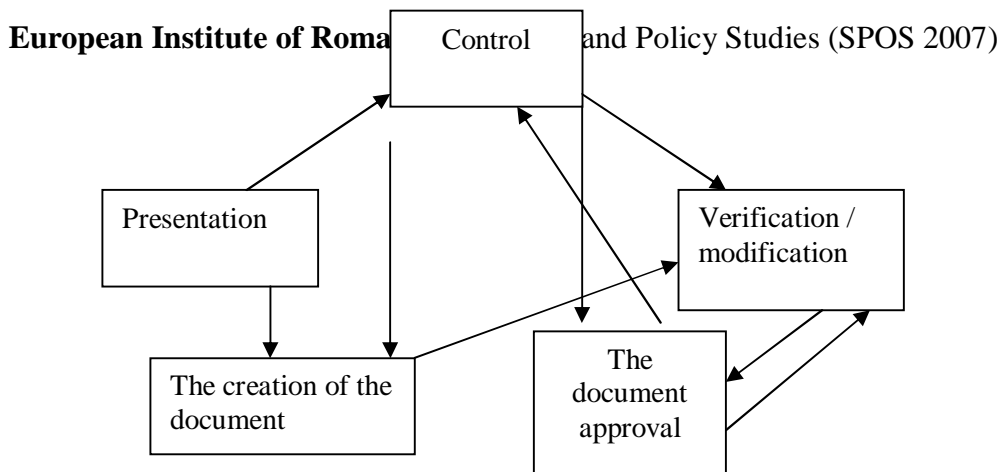


Figure 11. The flow of documents in a Point of Single Contact

Under this approach, a series of mal-functionalities in the circuit of the documents can interfere, which are linked with: the manual transmitting of documents between different compartments (lost documents, temporary absence of the employee that has to answer a problem etc.), the disrespect of procedures, difficulties in monitoring the documents etc.

3.2.2. Classic and modern methods of processing documents

Within the point of single contact, the low degree of automation is reflected by the predominance of the manual activities in the documents management process. Thus, in the classic processing, there are a series of time consuming activities, which take place in the process of information treatment. Among these we specify: i) Grouping the documents, depending on diverse criteria. ii) Sorting the document in archive folders (including computer generated and listed documents). iii) The manual utilization of the documents in answering the recipients' requests. iv) Completing, manually, a template document. v) Transmitting the physical documents, by going to the issuing places. vi) The issuing of the document handed over to the recipient.

In the modern processing of the documents, most of the operations related to the reception, information, completing templates and transmitting the documents in the circuit are made through IT instruments. In such a case there are operations like: (i) On-line completing the application form. (ii) Archiving electronic documents with the possibility of multiple indexes for future utilization in documents processing and resolving of applications. (iii) Transmitting of information or excerpts of documents through diverse processes or through a direct access on server with the help of the petitioners' software applications on their PCs. iv) Managing of template forms which are used in registering the applications, describing the documents' flows and the final formulation of the resolution. v) Archiving and protecting at writing or copying of intermediate or final documents vi) Utilising the internet, fax-modems and computers for transmitting, receiving and exploiting the possibility of automatic conversion of data. vii) Utilization of electronic signature (or digital). viii) Documents utilization as part of the database systems. ix) E-mail utilization for corresponding with the applicants.

Among the advantages of modern methods of documents processing we mention: I) Reducing the costs of information processing, even though the initial costs of automation of the PSC are high. II) Rationalizing the utilisation of documents. III) Improving the authorities' image for flexibility and efficiency. IV) Improving of training of employees and the changing the attitude at the work place. (v) Ameliorating

the working conditions and the communication speed between the employees, as well as, between the clients and the institutions.

3.2.3. Documents management system

Documents management represents an information system which permits the circulation (to inform, approve or modify), storage and access of documents in diverse electronic formats, with the facility of connecting them to other information systems or electronic devices.

The statistics show that for doing a transaction we need two times more documents than we needed five years ago. The implementation of a system that assures a high quality produces an impressive amount of documents which have to circulate within the firm or in relationship with the partners. The system of managing information and documents, through which we can transmit the exact information, must ensure the safety of information and must permanently monitor the instructions and the stage of decisions.

A performance management system will assure: I) a quick implementation, by taking in consideration the documents flows. II) High degree of security. III) Simultaneous exploitation of databases. IV) Reduced costs of exploitation. V) An open possibility of adjustment to the citizens' requirements.

A global connection through documents will not necessarily result in a paperless office. New technologies that allow us to administrate and manage documents, without the need of printing them, considerably grow the quantity of information in the documents of a firm, the amount of which can double annually. But, despite the digital conversion of documents, the quantity of paper utilised in a public administration is bigger and bigger. The paperless office has good chances to exist due to the printing on request technology. In the following years this phenomenon will grow and will just print the document we really need. The economic value of the new technology can be seen by looking at the amount of the paper waste.

An application in the documents management system is the document library, which contains: documents related to a project, quality system procedures, quality manual, norms, procedures, internal documents etc.

In the point of single contact, workflows applications are developed, which mean that the documents are not static. They are created, modified, distributed on clearly defined routs. Therefore, documents management systems contain workflows which precisely show where the documents are sent, whether they arrived or not, when they were directed, their status at a given time etc.. Figure 3 illustrates the processing of documents flow under the coordination of a workflow administrator.

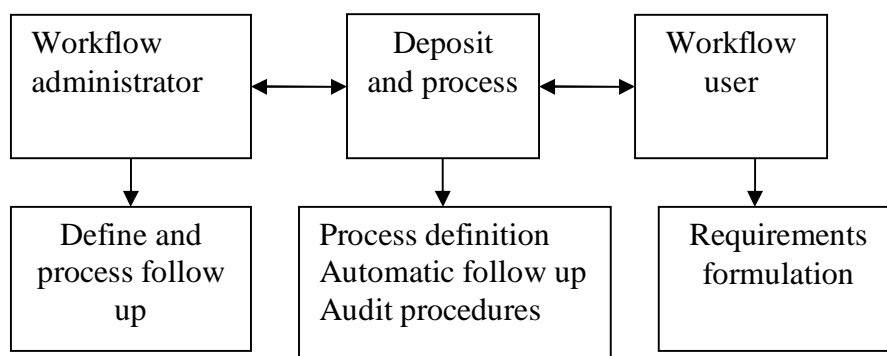


Figure 12. Flow type applications

Among flow applications we can mention: information sent in/from internal system to information/approval, generation and publication of policies for the quality assurance, of the human resources policies etc.

A documents management system contains applications easy to use, well organized. It has integrated electronic systems for fast and safe communication in the organization and with other organisations or partners and allows: I) hierarchical circulation of documents on pre-established circuits, II) Development of templates, distribution and circulation of internal information and documents, as well as of others generated in relationship with external partners, while ensuring high standards of security, III) Monitoring the documents status in their different stages of development. The system allows the authorized persons in the company to know where a document can be found and in what state it is at anytime. IV) Provision of basic or complex statistics and reports concerning the folders processed or under development, by state, type etc.

4. Designing the Point of Single Contact (PSC)

4.1 Options and steps of implementation of one PSC

PSC is meant to be a local, regional and also national service, easy to use, both for the business environment or the citizens who desire services at the local, regional or national level. These services could be organised and implemented by the official authorities or the business environment.

In the projection and implementation of PSC we should take into consideration the next two observations:

Ø Directive 123 – Services, does not establish the number of PSC necessary to introduce in Romania.

Ø Since this activity is carried out at a virtual level, the distances between the physical points of contact should be insignificant, so that each person's access to be made without difficulties and high charges. Depending on the costs induced by the implementation and the functioning of the PSC, their number, density and distances will be established accordingly.

In order to create a clearer image between the physical and the virtual approach, the next figures present two frameworks.

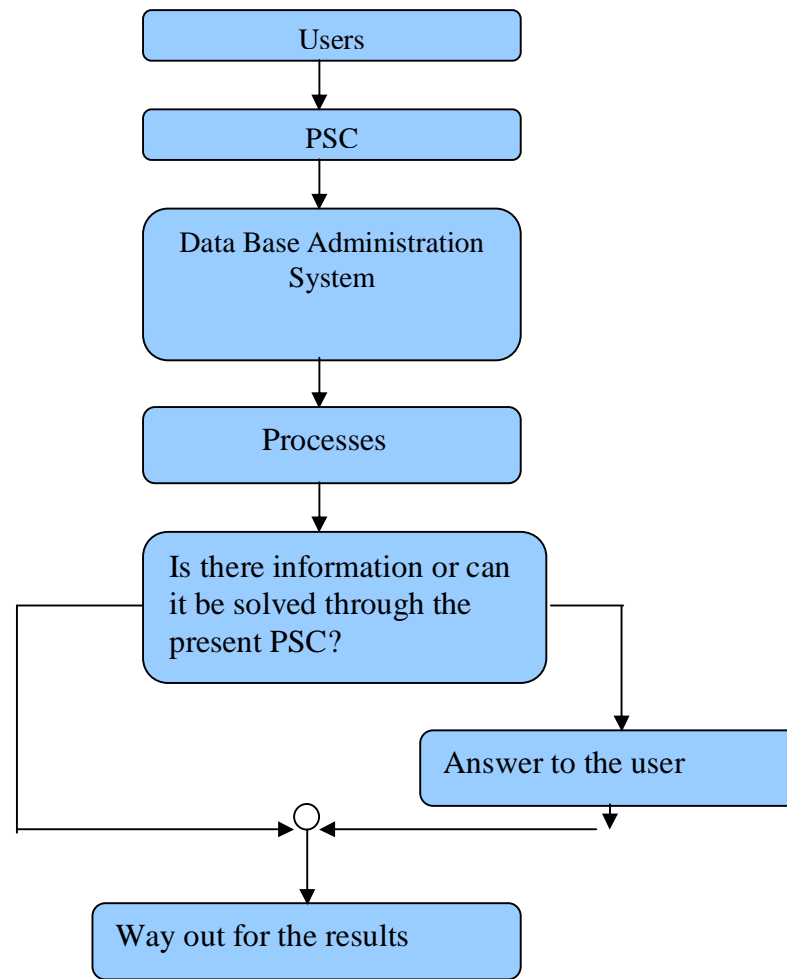


Figure 13. Structure of a PSC at the virtual level

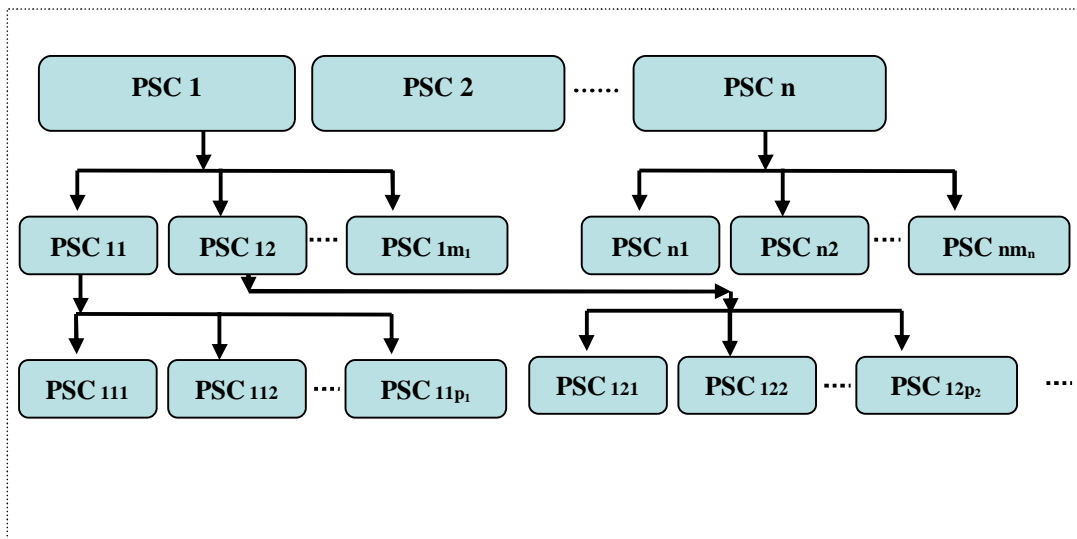


Figure 14. Structure of a PSC at the physical level

Comments:

1. The levels are in downward order: national (ministry, state department), regional (regional centre, prefect’s offices) and local (cities, towns and villages)
2. The possibility of creating one PSC at each town hall level, so that the distance between a local user and the closest PSC is optimal, needs to be studied.

During this working, depending on the type of activities requiring to be solved, two options are suggested:

Option 1	The Point of Single Information is the first stage of a PSC, specialized in providing the required information in specific domains, which form the main objective of the European Directive on services in the internal market. The information are organised as a data base and are accessed from different points.
Option 2	The Point of Single Completion is specialised in offering complete services, related to the freedom of establishment and the free exercise of a services activity. In this situation there is a unique location where all the procedures, formalities and necessary authorizations are fulfilled and there are different physical access points. In this case, different data bases storing the necessary information for processing the service required, can be accessed.

In the implementation of PSC, the next observations are recommended to be taken into consideration:

- Ø The two options presented above could be at the base of developing a mixed approach, where the different facilities offered by the Point of Single Information and the Point of Single Completion are combined.
- Ø A PSC can be created for solving the requests of the economic environment, companies or citizens.
- Ø The initial designing, implementation and testing of a Point of Single Information and a Point of Single Completion it is recommended to be realised at a county level or in Bucharest. Later on they can be generalised and transposed nationwide and in different fields.
- Ø For creating a PSC, it is recommended to take into consideration all the different sites, which are used by state’s institution, such as Government and government agencies, Parliament, Presidency or other institutions from the local administration level. It is recommended: (i) the adjustment or the extension of existing services, and also the creation of specific sites having information complementary to the existing ones; (ii) creating a PSC based on the services (formalities) offered at the Government level’s sites; (iii) creating a national site which will allow a complete information on PSC’s created in different domains; (iv) creating specialized PSC’s on citizens’ services and on economic companies’ services. This is a proper solution at least from the perspective of the costs necessary for their implementation and functioning.

Initially, a National Point of Single Contact needs to be elaborated, which will create the methodology for operating the PSC at the national, regional and local levels and than for its development for the two categories of users: citizens and companies.

The operative assistance of a PSC is ensured by:

- Ø The information system at the national, regional and local levels,
- Ø The competent authorities from the national, regional and local levels, which ensure the service required by the beneficiary. In the provision of a service, different data bases, administered by different operators, official or private, can be accessed. That is why, while designing a PSC, different protocols for accessing the data bases should be established. Under these circumstances, updating the information in the data base is not the duty of the authority operating the PSC, but it has the obligation to sign agreements with that data bases' administrators for supplying good quality and updated information, accordingly with the beneficiaries' needs.

While designing and implementing a PSC, it is recommended to take into consideration the next elements:

1. **Necessities** – understanding the necessities and the restrictions in designing, implementing and operating a PSC. The services mentioned by the European Directive of services need to be observed.
2. **Possible options** – clarifying the options, knowing the best experience of other European countries and consulting the stakeholders, including utilising surveys. In this stage it is recommended to identify the data bases and other IT information sources, which can be used by a PSC. For different types of services, there are various information sources that can be exploited, but one should not forget the activities needed: regulating the use of IT information sources of public authorities or different operators, administrative simplification or PSC's popularization.
3. **Analysis** regarding the costs and the benefits - in order to identify the best existing configuration of using the information, which requires the lowest costs for organizing and operating a PSC. In designing a PSC, one should take into consideration the evaluation of the next types of costs: the costs for providing the information required in answering applications, the costs for designing and creating the information system of a PSC; and costs related to creating, operating and continuous adjustment of a PSC to beneficiaries' requests.

In a simplified approach, in creating a PSC the next steps are recommended:

Step 1	Background by specifying: (i) the characteristics of the information systems in Romania; (ii) the content of the Romanian Government's IT strategy; (iii) other countries' experiences in creating a PSC for the business environment and for the citizens; (iv) emphasizing the good practices in ministries, counties and cities concerning the design and implementation of a point of contact and the administrative simplification.
Step 2	Inspections throughout the provision of the European Directive, by taking into consideration the main problems concerning the design of a PSC
Step 3	Analyzing the implementation options (1 and 2) and their relative positioning with

	regard to the existing services system
Step 4	Estimating the cost of the best option for the fastest implementation and functioning a PSC
Step 5	Estimating the profit of the best option for implementing a PSC, using an analysis model which is based on the “Dutch model of standard cost” in order to estimate the potential benefits.

4.2. The extensive analysis of the implementation steps of PSC

Step 1

In achieving the requests of this stage, we need to take into account:

- **The IT Government Strategy** (e-government) which establishes:
 - Transforming the public services for the benefit of citizens, businesses, tax payers and administrative staffs.
 - The efficiency of the business services and the Government structures, these resources being free for the “first line”.
 - The necessary steps for acquiring and delivering the technology for the Government.

The constitution of an organization will be proposed, ROIT (Trade and Investment Service in Romania), which will be designed to offer fast answers to the requests of internal potential investors.

- **The services must focus on citizens and businesses.** The services should be created all around citizens and businesses, to ensure their effective provision to the consumer, to reach the public policy aims and for a better use of the public resources, by cutting or even eliminating redundancies in using the information of public interest. The type of action which upholds this assertion includes:
 - A better understanding of the consumer’s need and behaviour,
 - Defining the consumers groups and establishing some direction for the services development,
 - Creating a Council to make services compatible, in order to define and impose the principles for setting up of the common services,
 - Optimising the use of the informatics resources which the authorities make available for the use of the citizens. There are a lot of websites owned by the Government. In order to ensure that the Government uses the internet primarily for supporting the services and the communication strategies, its presence on the internet needs to be rationalized. In order to inform the consumer with regard to the independent transactions and the main support campaigns, the services will converge on special government sites, as online primary entrance points.
- **Shared services.** A new vision with regard to the shared services should be adopted, in order to increase the system efficiency and to strongly orientate it towards the consumer. That type of services gives the public organizations the possibility to reduce their losses and the inefficiency by reutilising these assets. In the front line are brought areas like: The Costumer Service, The Common

Infrastructure including the IT solutions, The Directorates for data processing and also the Management of persons' identities.

• **Emphasizing the business support services** of other European countries. So, the main internet services that can be used by a citizen or a business man in Romania, can be divided in 3 categories:

- The advertising sites for investments, which offer high level of economic, social and environment views, without disclosing the necessary details for completing the formalities.
- The business support sites - also offer detailed information regarding different aspects of starting a business. The recommended access languages are: Romanian, English, French, German, Italian, Spanish and Russian.
- The services for online transactions offered by individual moderators. In some countries, only one mechanism is distinguished and not even one attempt of integrating the users interface over the moderators. Such services are offered only in the official national languages.

Step 2

• **Detailing the requests of the Services Directive 123.**

(i) For each type of service provided, the number of necessary points of contact is established,

(ii) The articles 6-8 of the Directive describe the duty of each point of contact. The main requests are:

- A service operator must be capable to complete all the necessary statements, notifications and authorizations required for establishing and operating in a PSC (Article 6) PSC-R01;
- All the information concerning the following issues must be available on a computer (Article 7): the procedures which must be followed to access and to exercise service activities; the contact details of the relevant and competent authorities, any public register of the operators, the means of redress, the contact information of some organization that could prove to be useful (for example, commercial associations) PSC-R02;
- The information has to be clear, without ambiguities, updated and available in electronic formats and also at a distance (Article 7) PSC-R03;
- The information required by the access to or the free exercise of a service activity are explained and applied, in order to be available directly from the competent authority, where the application has been made PSC-R04;
- The requests addressed to PSC or competent authorities should be solved as soon as possible PSC-R05;
- All the necessary procedures for the access to or the free exercise of a service activity should be possible to be accomplished both

electronically and at a distance. The only exception is that when it is impossible (for example, the case where the physical examination of the operator capacity represents a necessity) PSC-R06;

- All the issues presented should be accomplished until a dead line, later on established.

(iii) The Directive gives the Commission the possibility to take action in order to encourage that the information in PSC is made available in the languages of the European Union (Article 7 (5), this is not a compulsory request) PSC-R07;

(iv) The Directive allows for the administrative payments as a component of PSC. The request of the payment process should be considered an optional extending. There are no mentions concerning the payment modalities that should be supported PSC-R08;

(v) Article 8 refers to the potential inter-operability required for the PSC between the member states. While this could become a certain request in the future, it is assumed that the initial implementation of a PSC in Romania would not need taking this into consideration.

• **PSC's target.** The target public, assumed by the Commission for PSC in Romania, is formed by:

- Operators from EU who desire to establish themselves in Romania.
- Operators from EU who already operate in Romania.

The Directive does not make a difference between the operators established abroad and those established in their own country, so that the target includes already service providers established in Romania.

It is thought that the next wordings offer recommendations regarding the users' characteristics of the PSC service:

- In many cases, Romanian won't be their mother language. This will imply the introduction of English, French, German, Italian, Spanish and Russian languages.

- There is a considerable turnover of target users. The directive applies to a various business environments. Here, an impressive diversity concerning the companies' dimension and the industrial norms can also exists (for instance, starting with one administrator companies and finishing with those which offer professional services using intermediaries).

- The users can be from outside the target public. The Directive establishes a minimal aim regarding the countries, the business environments or the activities regulated. Many users who apply for this service would fall outside this horizon, needing to understand if it is relevant for them and what alternative they may choose otherwise.

- The users from the business environment are characterized as having little time and a large orientation towards action. They would have a specific aim when using the service, and would expect it to be

clear and result focused. So, the service should be created by taking into consideration more the needs of the target group and less the importance of the structure of this service. The users would access the service through various sources. A lot of users – business men – are relying on the searching engines, while others would access it using via other services' links. The service must be implemented so as to fit the “key” services already existing, or those services should be reorganized in order to accommodate the new system.

- The users would need to understand who they are in contact with. It is important that the service's trade mark is clear, so that the users would understand the source of the advice received and its connection to other public or private services. Their understanding of the source of the service would also alter their expectations with regard to its quality and responsibility. Generally, the transactions between the business environment and Government should be characterized by professionalism, responsibility and trust.

• **The aim of the services offered by PSC.** The services directive does not specify the modality of implementing PSC. The request that must be fulfilled for having information and processes available both electronically and at distance is to have a good connection at the internet service. Assuming this is achieved, there are several possibilities:

- **Transactional support:** up to what level can PSC carry out its online transactions, without delegating them to a competent authority?
- **Channel support:** which other channels can be considered of support, other than the internet?
- **The capacity of the support:** if things don't work accordingly, which is the level of support offered by the service?

The different types of internet services are characterized by:

- **Information service:** the website does not offer transactional capacities, but it offers links for other information services.
- **Signs for the online processes:** the website includes direct links to other online services, having conventional capacities.
- **Integrating with the online processes:** the website offers only an interface for a number of transactional processes, ensured by other services.
- **The process of carrying out the service:** the website administrates its own conventional processes.

The services offered through other channels are characterized by:

- **Service interrogation:** an information service that answers the users' questions by using other channels.
- **Service consolidation:** it facilitate the carrying out of a number of different processes in various organizations, by using other channels towards the same point of connection.

- **Carrying out the service:** it assumes the accomplishment of some processes through different channels, in the same organizations.

Step 3

The basic options can be characterized as right solutions of a business problem (for instance, the intermediation with the competent authority on behalf of the applicant) or technical problems (for instance, resolving a problem by completing an online form).

First option: A point of single information

This type of services offers information and signs to the online processes conducted somewhere else. Meanwhile this could deliver the services prompted by other channels, such as the telephone and emails, or technical support for problems appeared accessing the service, because not one of the business supports is insured. Any kind of problems referring to the individual moderators receives a solution.

We can accept the idea that this type of service resolves just the minimum of the needs pointed by the PSC Directive, because the necessity of using all the applications and permits for the establishment and exercise could be managed by making the best forms online, available through a set of hyperlinks; if the application reveals no problems, the service moderator can complete all the forms through PSC. In case a problem occurs the dialog with individual moderators is highly necessary. In such a case, PSC is capable to direct the service moderator to the right authority.

The results of this approach suppose that:

- The Directive 123/2006 is opened to interpretations and of possible modifications. Currently it states that businessmen should be able to complete all the necessary procedures through the PSC. This fact involves many points of information.
- By guiding the users towards the individual moderators of the online services, these are fragmented and include different types of marks.
- This type of services would not allow the access to roughly 4% of the government services which are not available online at the moment

Although there are more initiatives to ensure the online access in near future, there is a risk that this goal would not be reached until the Directives is implemented.

- According to the National Bank rules, the info service must be taxed to a price that covers the basic costs, when the VAT is calculated. A point of single information would not be able to cover its costs at this tax level.

The potential benefits of this type of info service include:

- A reduction of costs among moderators concerning the installation price.
- A reduction of costs among moderators concerning with regard to complying to the provision of the law.
- A conformity increase, because the information is in one place. This thing would drop the costs towards moderators.

Second option: Point of single completion

This approach ensures online processing consolidated through PSC, thus all the transactions could be completed in just one point.

- Where possible, the jobs are incorporated in the analysis, offering the user an interface within the PSC, but passing the electronic details requiring processing to the individual moderators.
- For the moderators without online applications to process, PSC offers an online form to collect relevant information. This is used by the support team of the PSC to direct the applications through a support channel (usually by sending a printed form).

When a complete integration in the analysis is achieved, this job offers the user a visible and transparent integration to the competent authority.

The results of such an approach include:

- PSC have to double up the basic support arrangements offered by the individual moderators.
- Integration in the analysis of all the relevant moderators induces significant costs of implementation.

This approach may provide the next benefits, in comparison with the first option:

- This option offers the highest confidence level with regard to the implementation of the Directives provisions, in order to complete the PSC processes;
- Even if the processes cannot be completed online for the time being, this approach delivers a mechanism of electronic access and at distance;
- PSC can host a database, based on which the forms can be enriched in advance, reducing thus the administrative tasks of distributing the information on the respective websites of each competent authority;
- PSC can ensure a workflow support, allowing the users to search the right forms they need for their individual process. This thing would ease the task of the service operators, ensuring them that they did what they had to and reducing, at the same time, the costs;
- Since this job offers clear added values, beyond the simple supply of information, setting a price that covers the basic costs of this type of service becomes possible.

Step 4. Options of implementation - the relationship with the existing services

- **Review of the business support activities at Romania's level**, specifying fact findings and status.
- **Gap analysis**

The previous analysis of the current situation would pave the way towards a solution base on the already existing jobs. In order to better understand the requirements

necessary for a development of applications of PSC type, based on the jobs, a detailed gap analysis is required. This should comprise:

- analysing the existing services as compared with those promoted by the services directive;
- reviewing the capacity of existing services to carry out the fundamental PSC requirements of the Directive;
- analysing the international transparency of the individual services, based on a set of questions revealed on the main Internet searching engines.
- **The service area**

Three components of the covering area are analyzed here: the regulating sectors, the geographic areas and target public. To reach the goals of the Directive, a service must fulfil the following requirements:

- To cover all the applicable norms concerning the service providers in accordance with the general objective of Directive 2006/123/EC;
- To provide the services throughout the Romanian territory;
- To be significant for all EU service providers.
- **Fulfilling the requirements of the beneficiaries**

Table 1 contains a short presentation of the sites Business.Gov and Roinvest.Gov, which need to be upgraded to satisfy these requirements.

Table 15. Synthesis of PSC requirements and facilities, as seen through Business.gov and RoInvest.gov

Requirements	Comments
<p>PSC-RO1 Completing all the necessary declarations, notifications and authorizations required for establishing and operating in a PSC.</p>	<ul style="list-style-type: none"> i) Business will deliver a guide for other developers in order to complete the forms and the notifications. ii) The users will be asked to provide information, individually, to each regulating application. Some of the Local Authority services are not electronically available - ex.: The Fire Brigade etc. iii) Business has certain similarities with the Government portal that provides a common type of management for different government services; iv) RoInvest.gov would have initially limited capacity to provide information.
<p>PSC-R02. All the information referring to the necessary procedures, the contacts details of the persons that are in charged with the norms, the public registers of the providers, means of redress, the contact information of some organization that could prove to be useful (for example, commercial associations)</p>	<ul style="list-style-type: none"> (i) Business will cover most of these requirements. The site would contain a part named "Place your business" as part as the section "Trade". (ii) Any information specific to the firms outside Romania (ex.: like dispute settlement services provided by the EU) must be added. (iii) Roinvest.Gov would provide limited information and indications in this area.

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<p>PSC-RO3 The information has to be clear, without ambiguities, updated and available in electronic formats and also at a distance</p>	<ul style="list-style-type: none"> i) Business would provide a large set of consultative and informative data written in a clear style. The data would be updated by a specialised team. ii) RoInvest.Gov would provide a series of complex information and analyses, some of which would be written in other languages. A specialised team would update the information.
<p>PSC-RO4 The information required by the access to or the free exercise of a service activity are explained and applied, in order to be available directly from the competent authority, where the application has been made</p>	<ul style="list-style-type: none"> i) Business site would provide a range of general information on different regulating parameters, but also would direct to competent regulating authorities for detailed information and transaction jobs. ii) Business.Gov would redirect the users to the Business local desk for telephonic contacts. Since such contacts would be based on a digital format, such as " 0800", it would probably not be directly accessible from other countries. The site would provide an email address for technical and also business support. Most of the regulating authorities have their own facilities for assistance and consultancy in their specific areas. Based on those facilities, the users should be able to fulfil that kind of tasks. iii) As a minimal request, PSC has to offer the users a reference point, to which they can return if the information provided by the designer is not sufficient. iv) Those type of information won't be included in the site objectives of RoInvest.gov, although they might be included in the assistance service for investors and would be delivered through the supervisors.

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<p>PSC-RO5 The requests addressed to PSC or competent authorities should be solved as soon as possible PSC.</p>	<p>i) Business and regulating parameters are able to provide answers for users from everywhere in a delay of time similar to the one needed to answer the Romanian companies.</p> <p>ii) As organization, RoInvest is created to offer answers as quickly as possible to the demands of internal potential investors, although the nature of their requests must be carefully evaluated before any other approach.</p>
<p>PSC-RO6 All the necessary procedures for the access to or the free exercise of a service activity should be possible to be accomplished both electronically and at a distance except the situations when this is impossible.</p>	<p>i) According to the Government strategy more than 96% of the government services should be available through Internet (e-enabled); still, a series of initiatives would be needed to solve this handicap and to provide more consistent services.</p>
<p>PSC-RO7 To provide information in different EU languages (it is not compulsory)</p>	<p>i) Business.gov would provide information in the following languages: Romanian, English, French, German, Italian, Spanish and Russian.</p> <p>ii) RoInvest.gov would also provide information in the same languages.</p>
<p>PSC-RO8 Adopting measures to include administrative charges as part of a PSC (it is not compulsory)</p>	<p>i) Business.gov would not tax the users for the services provided.</p> <p>ii) The same, RoInvest.gov would not tax the users for the services provided.</p>

5. The quality of services in the context of a public policy to organise the point of single contact

5.1 General Description

The services market is one of the most dynamic markets at European level. Through the policies applied in this sector, new jobs are created and a growth of the contribution of this sector to GDP formation is noticeable. As a matter of fact, this sector's share in GDP is a qualitative indicator used to estimate the development level of a country. For a transition economy, in which the population employed in agriculture is still considerable, the development of services sector becomes an important source of prosperity and economic growth for a long period of time.

According to some studies, the process of EU integration of the new Eastern state members recommends a new approach of the labour force employed in this sector of activity.

Under these circumstances, we have to reconsider the employment policy of the labour force in the services sector, by granting a greater importance to the promotion of regional development politics. At the European level there are some essential differences between the levels of economic development and the employment rates of the population. As result, there are increased flows of migration between the development regions.

In the monitoring report of November 2006, elaborated by the EC of the European Union, a series of progresses in the public administration's reform, related to Romania's services market, are noticed:

- completion and adoption of Public Services Papers, as instrument which sets quality standards and principles for public services providers,
- elaborating and implementing Multi-annual programmes of reforms by corresponding ministries, prefect offices and county councils, as strategic instruments for modernisation,
- implementing the pilot phase of the Common Assessment Framework – CAF in prefect offices and county councils.

The quality of a product or service is essential to a public policy. In designing and managing the quality of products and services in public institutions we have to consider the following aspects:

- Quality is not an abstract concept, but a concrete one, which takes into consideration the stake holder's requests, the quality of processes in the public institutions which produce the product or deliver the service. Knowing the stakeholders expectations is essential in designing a certain type of quality, so that the institution should not be in the position of projecting a sub quality or a supra quality. Positioning an institution in one of these two situations is not a favourable situation, both from the point of view of its image among the stakeholders as financially.
- For the same type of service there are more categories of stakeholders. That is why, by defining the indicators system used for characterizing the quality of that type of service, we shall consider numerous aspects concerning each stockholder's evaluation, but also aspects concerning the general quality of the service.

- The dynamic character of quality is an essential element in defining, designing, realizing and monitoring one. More than that, we must consider that any type of product or service quality is maintained, at least at the projected level, a long period of time. The dynamic approach of the financial side of quality is essential for an efficient functioning of a public institution for a long period of time.
- The improvement of the product or service qualities of a public institution can be realized only through a new approach of public services management.
- The modernising elements which are included in the reform of the public administration system and also during the integration into the European structures, must be taken into consideration when the quality is designed. An important element is knowing and participating in the „best practice” system at the European level of the services domain for which a quality level is designed.
- Administrative simplification and improving the interface of the public institution with its direct beneficiaries, is also an important element to be considered in quality design.
- Assuring transparency in designing, realizing and monitoring the quality is an essential element of success in a promoting a public policy in institutions, counties or nation wide.
- The State, through its institutions, is included next to representatives of local authorities, civil society and citizens, among the important actors of the public services quality approach. Through its institutions it can influence directly the regulations concerning the quality: administrative simplification, developing a national system of standards in the service quality domain to support the implementation of a national benchmarking in the services area.

Taking into consideration the above observations we can define a product or service quality as an attribute of satisfying the requests of diverse stakeholders, in a given time frame, at standards and in regulated conditions, meeting the requests of a financial recipe, part of an explicit agreement with the direct stakeholders of this service.

5.2 Instruments used for the quality analysis

At the Romanian public administration level, starting with year 2003, two instruments were applied, which took into consideration the modernization and the quality improvement of the public services destined to diverse categories of stakeholders: Common Assessment Framework and the public institutions modernizing programs. Bellow, we are presenting the most important elements concerning the implementation of the two instruments in Romania’s public institutions.

A. Common Assessment Framework (CAF)

This is a useful instrument for developing the quality of public services. The framework was implemented in the public institutions of the European Union as result of the initiative and cooperation of the competent ministers in the EU countries.

The mission for developing the first version of CAF, starting in 2000 was given to the Group of Innovating Public Services (GIPS).

Through CAF, managerial elements specific to the total quality (TQM- Total Quality Management) are developed in public institutions, focusing on the next objectives: i) the identification of the specific elements of the Public Institution; ii) the improvement of the Public Institution's performance utilising this tool; iii) the comparative analysis of Public Institution that produce similar products or services, by promoting a system of benchmarking.

The main characteristics of this tool of total quality management are:

- It is an instrument that can be used in any public institution, generally or by sections,
- It is based on self-evaluation principles, providing an efficient way of diagnosis,
- By using this method, the Public Institution elaborate an Action Plan to improve the quality of the services provided,
- The instrument can be utilised in a Public Institution repeatedly, being developed to continuously improve the process quality and implicitly the services of general interest provided by the Institutions that use this method,
- The CAF's questionnaire contains questions that are structured on nine criteria, meant to identify the strong and weak points regarding the leadership of the Institution, the human resources management, the organization's strategy, partnerships, the management of processes and changes, results regarding the staff, the beneficiaries, the society and the key performances of the Institution. We emphasize that the first five criteria are referring to the factors, and the last four to the results of an Institution or segment of it.
- The major contributions of CAF are related to: the self-evaluation of the Institution on concrete evidence, taking into account the opinions of the employees concerning the criteria and sub-criteria set at the base of the questions of the CAF's questionnaire; the criteria are universally valid throughout the European Union countries, being at the base of the benchmarking approach; the development of a best practice system in the different public services in Romania and in other European countries; the development of a critical and participatory spirit of the employees of each institution etc.

Application of CAF consists in going through a set of stages, summarised in Table 16.

Table 16. Stages of CAF

Stage I:	The preparation of the CAF implementation
	At this stage some actions are taken with regard to: informing the leaderships of the institution on the intention to implement this instrument; appointing the project manager, internal or external to the institution; elaborating the implementation and evaluation CAF guides; listing the employees who would evaluate the institution by completing

	the CAF's questionnaire; training the staff on the use of the tool.
Stage II:	<p>The implementation of CAF in the institution</p> <p>The institution's employees that are part of the evaluating group, would individually evaluate the institution by formulating the answers to the questions corresponding the criteria: factors and performances. Taking into account the next issues is recommended for an objective evaluation: the definitions of the measurement scale used in the evaluation of the institution, according to the specific criteria, factors and results; the identification of the weak and strong points for each criteria; the employees would together evaluate the performances of the institution, according to one or more criteria, during the training period. The evaluation papers would be handed over to the project manager, after the individual evaluation. Based on these, a synthesis to express the consensus of the evaluators group would be drawn. In the process, a two stage approach could be administered: i) the grades, averages, consensus and divergence points for each sub-criterion would be presented; ii) the divergence points would be discussed by the group and eventually the final average for each criteria would be established.</p> <p>At the end of this stage, the project manager would finalise the self-evaluation document, based on the appreciations of the evaluators. This document would represent the starting point of the Action Plan, which would be submitted to the approval of the manager of the Institution. In this situation it would be known the negative issues of the Institution.</p>
Stage III:	<p>The use of evaluation resultants</p> <p>The results obtained at the end of the evaluation process could be used as follows:</p> <ul style="list-style-type: none">(i) The Institution identifies the domains of concern in which action must be taken to correct the negative aspects and implement measures for its modernization. In this way an Action Plan for the respective domains would be elaborated. This would be implemented and monitored for a certain period of time.(ii) The estimated resultants can be compared with performances of similar institutions in the benchmarking system. So, the Institution can compare itself with similar European institutions by using the resources provided by the European Institute of Public Administration¹⁰, while preserving the anonymity of its results. The Institution's results are completed in an on-line form of evaluation.(iii) The Institution can prescribe a series of good-practices on the bases of this method. This can be presented in diverse national and European Conferences, representing a means of improving the image of the Institution.

B. Multi-annual Programmes of Modernizing (MPM)

The multi-annual programs of modernizing the Public Administration represent an instrument of programming, monitoring and evaluating the modernizing actions in the Public Institutions, from a multi-annual perspective. The aim of this instrument is to improve the quality of public services and processes developed throughout the territory

¹⁰ At the address: www.eipa.nl

by agencies and services of ministries, by local public authorities and City Halls of the localities with more than 10000 inhabitants.

In Europe these programmes of modernization are elaborated by Central Institutions of Public Administration, for example in France, or by local public administrations, as it is in UK, Netherlands etc.

By using these instruments, the following resultants are achieved: (i) a better correlation between the guidelines of branch strategies and the capacity of Public Administration to implement them; (ii) the improvement of implementing methods of the Public Policies designed to increase the quality of Public Services; (iii) the development of an instrument of programming, monitoring and evaluating the process of modernizing public services, nationally, with a multi annual perspective.

According to Romanian regulations, these instruments of modernizing consist in elaborating, implementing and monitoring of modernizing programmes by Public Institutions, for a period of 3 years. During the elaboration process, diverse non-governmental organizations, trade unions and employers organisations and other Institutions preoccupied with the improvement of Public Services quality, can be consulted.

The multi-annuals programs of modernizing are divided in three different documents: i) the modernizing strategy of each institution, taking into account the diagnostic analysis, Public Administration Reform Strategy, specific requests of beneficiaries etc.; ii) the Action Plan elaborated in accordance with the requirements of the Monitoring Strategy of the Institution; iii) The Monitoring Annual Rapport of the implementation of the Action Plan, which that can be developed both at each institution level, and external to the institution, towards the civil society and the beneficiary of the Institution's services.

The Action Plan of the multi-annuals programs of modernizing include a series of actions that involve in principal the following issues: i) the internal organization; ii) the management of human resources; iii) the methods and instruments of public management, iv) new forms of communication and information technology.

In Romania the multi-annuals programs of modernizing were elaborated by a series of Public Institutions, beginning with 2003. This approach was supported by the Central unit for Reform in Public Administration and National Modernizing Network.

In this domain, 2766 actions of modernizing in ministries, prefect's office and Counties Councils have been initiated. The rate of completion was in average 70 %. According to the monitoring documents of the Central Unit for Reform in Public Administration, amongst the most important resultants we mention: the introduction of the digital signature, the simplification of the process during the elaboration of the passports, the relationship with the inhabitants was improved through the introduction of the Infokiosk¹¹.

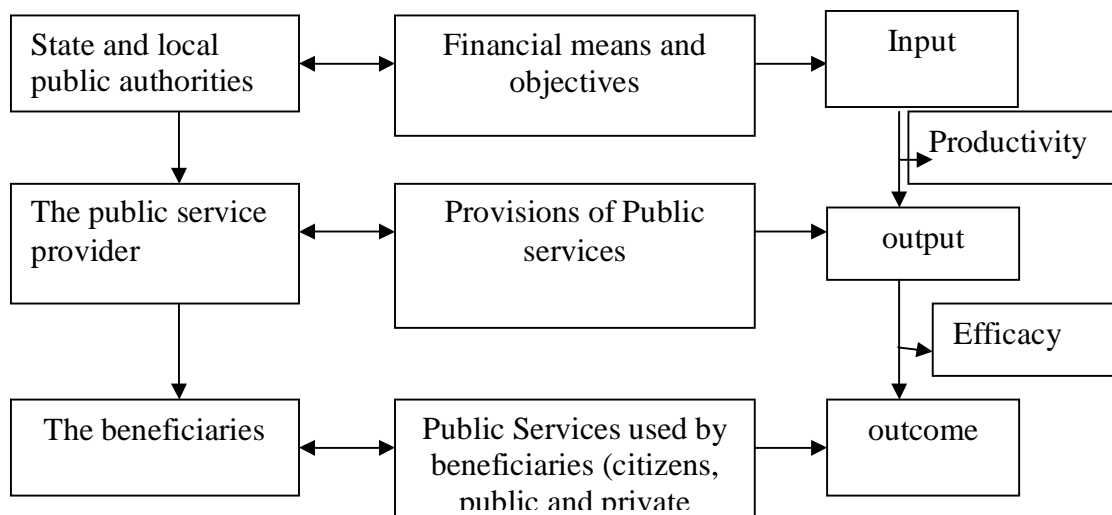
5.3 Creation of national and regional systems of indicators

In defining the indicators system used to characterise the public sector performances, we would take into consideration the relationship that exists between input and output, the actors that take part in the process of public services provision and the necessity to measure the effects perceived by the beneficiary of public services (outcome). From this

¹¹ Central Unity for Reform in Public Administration, internal document

perspective we definitive the relationship that exists between these elements through the graphic presented down the page.

Figure 15. Public services



In the category of the indicators used to measure the performances, a series of indicators that are specific for each service of general interest, it is also included, such as: the number of patients successfully treated in a Hospital, the number of authorisations for car registration delivered by a centre in a day, the number of school drop outs in a year etc. These indicators are used especially to measure the effectiveness of a service. In this category are also included: the number of teachers from the system, the annual costs for a service etc. The utilisation indicators refer to the production itself, especially what a consummator perceives. There are also indicators that measure the demand of a certain service: the number of patients from a Hospital, the number of students that attend the classes of a school, the number of applications for car registration in a period of time.

In Europe, the organization of periodical statistical surveys is recommended¹². These would ensure in principal the following: measurement of the consumer satisfaction, the assurance of a European benchmarking system based on the comparison of the resultants obtained in different organizations.

In European countries there are many organizations and institutes that carry out these researches: European Values Study, World Values Study, European Social Survey, World Competitiveness Yearbook etc.

¹² *** Performances du secteur public, Bureau du Plan Social et Culturel, La Haye, October 2004, p. 47

6. Conclusions and recommendations

The European Directive of services in the internal market supports the Lisbon Agenda which had established that until 2010 European Union should become the most important economy in the world. Within the development strategies, the services have an important role.

Through the Services Directive, the main conditions for developing European services are created, having in view:

- the legal framework which unitarily regulates the circulation of services and their establishment in the members countries;
- the simplification of administrative procedures and the assurance of transparency
- the rise of competition and growth of the services supply
- the implementation of the Point of Single Contact (PSC) for the services providers, which would simplify the procedures for new services operators.

The member states have three years for transposing the Directive provisions in their respective national legislations.

The analysis of the Directive requirements with regard to the impact on Business Consultancy in Romania, as reflected by the actual and future vision of the Government, led us to formulate the next recommendations concerning the PSC implementation:

1. The Domestic Investments Service of Business.gov and ROIT should be the key PSC suppliers.

We presume that the trade and investment strategy of the Government would tend to concentrate all business services towards Business.gov, as far as the residents are concerned, while ROIT would become the favoured point of entrance for the businesses outside Romania. Two feasible approaches have been identified to place the PSC service next to them:

- Intensifying the Business.gov supply to fulfil the petitions of the businesses outside Romania, in order to improve the services links details provided by ROIT
- Implementing a micro site based on the Business.gov contents and reoriented to serve the international public and to provide link details from ROIT service to the micro site.

2. The PSC Service should be based on Business.Gov and RoInvest.gov information.

The micro site is advantageous in flexibility terms in adjusting the SITE to the target public requirements; at the same time, it obscures its image with the introduction of a new trade mark. Complementarily, the option to implement the PSC by using the existing services, offers advantages similar to its implementation with the means of the micro site, but at a lower price.

The next steps in implementing such a recommendation involve a better understanding of the user requirements and, later on, carrying out a feasibility study with the ROIT help.

This approach has to take into account the requirements of services environment, maintaining the priority over the other developments of ROIT services and revising the links of similar services.

3. PSC should work more as an Information Point than a Completion one, at least in its initial phase: First Option and not the Second Option.

There are a series of factors which indicate the advantages of The First Option:

- First Option offers the most efficient solution as far as the price is concerned,
- The main consequence of the Second Option would be the business development on Romania's territory. Although this would be a consequence, none the less it is not part of the Directive 123 - Services in the internal market,
- The scale and the complexity of the implementation project of only one point of completion, would make more difficult the achievement of the objectives in 2-3 years, the period required by the Directive,
- Imposing a government support requirement within a business transaction by the means of the PSC is not advisable. It constrains the flexibility to achieve objectives in the areas where the highest profit share can be recorded,
- The first Option would orient the PSC service in line with the existing business services provided by government and with the strategy implemented for their continuous development in support of the government objectives.

A study regarding the other member states sites which offer business assistance, indicates a similar approach of these and a weak coordination of the services.

This study focuses on the implementation of the PSC service and the other provisions of the Directive 2006/123/EC in Romania. Therefore the costs and the gains are limited to these. Still, there are areas in which this Directive can lead to costs and benefits in Romania's favour.

These include:

- The cost of an analysis of entire legislation, according to the principles of proportionality and non-discrimination,
- Advantages for the Romanian businesses, created by the existence of the Points of Single Contact available in other EU member countries,
- Advantages for the Romanian economy due to the promotion of the EU investments
- The indirect advantages of productivity and a biggest competition which conduct at an increased salary and the creation of new places of work in EU.

Every single point mentioned above should be taken into account in evaluating the total impact of the implementation of the Services Directive in Romania.

Based on this study, some peaces of relevant information, uncertain otherwise, have been identified.

In some of the cases, such as the expected level of transactional services, when this Directive is applied, the incertitude is given by the future events which are hard to predict. In other cases, the ample researches can lead to an increase of confidence in the accuracy of estimations.

Some areas of the second category include:

- The level of administrative difficulties associated with some normative areas. The Implementation of services Directive should ensure a clearer view in these areas. The results of this report have to be reconsidered after being made public.
- The probable number of service providers that would choose to function temporally based of these provisions regarding the free circulation of services. In order to improve the estimations in this area, an EU research on the businesses in the sectors influenced, should be conducted.
- The cost of the research concerning the international businesses established on Romanian territory. A study of the flourished businesses could demonstrate the validity of our suppositions.
- The actual level of cooperation between states regarding the regulations. A study of Romanian regulations realized with the purpose of identifying the levels of formal cooperation and informal cooperation would give a clear picture on the possible levels of cases in the Information System of the Internal Market.

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