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The Services Of General Interest In Romania: Legal And Institutional Aspects At National And Territorial Level

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**THE SERVICES OF GENERAL INTEREST IN ROMANIA: LEGAL AND
INSTITUTIONAL ASPECTS AT NATIONAL AND TERRITORIAL LEVEL**

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Abstract. *Before 1990 the services of general interest (SGI) in Romania were entirely provided by the public authorities. Afterwards, the market was gradually liberalized and the SGI captured the attention of private operators. Nowadays, the business sector is involved next to the public authorities in offering services of general interest so as to respond citizens' expectations. The cooperation between the public authorities and the business sector is more developed in the area of SGI that prove to be profitable, such as waste service and public transport, rather than services that need high investments in infrastructure, such as electricity, gas and water supply service.*

Starting from these overall considerations this paper addresses the legal and institutional issues generated by the organising and the provision of SGI, with a particular emphasis on the territorial distribution of competences and the derived responsibilities. It takes into consideration the classification of competences associated to local authorities as a result of the decentralisation process, which are divided into exclusive, shared and delegated ones. Two territorial levels are considered, namely the counties - LAU1 (the same as NUTS3) and the localities (municipalities, towns and communes) – LAU 2. The development regions (NUTS2) are not considered as they are not administrative units and, consequently, do not have competences in the administration of the services of general interest.

A series of drawbacks, inconsistencies are revealed followed by reflections on the solutions adopted by the authorities in favour of economic liberalisation and sustainable development of the local communities. They are derived from the Law of communitarian services of public utilities no. 51/2006, which is the main pillar of the policy framework for the public services in Romania. Thus, the public services in Romania could be provided by direct and indirect management. The latter might represent the solution that would directly support the cooperation between the local public administration authorities and the business sector and would indirectly generate the liberalization of services of general interest.

Keywords: services of general interest, competences, local administrative units, local development, public – private cooperation

JEL Classification: R12, R58, O18, L8, L9

1. Introductory remarks

Although there is no universally accepted definition on the constitutive elements of general interest services (SGI) and general economic interest services (SGEI) in the EU, at the beginning of January 2004 (European Parliament, 2004) the European Parliament adopted a resolution intended to clarify their content. At the very beginning of this resolution, it is specified that the state has a major part in producing and providing SGI.

„Public undertakings, public services and services of general interest are structures on which the public authority has a dominant power.” (European Parliament, 2004)

The same document provides definitions for internal SGI and SGEI concepts. A primary concept refers to *public services* for utilities like gas, water, electricity, transportation, post and telecommunication. These services are provided by state controlled companies or companies that are entirely owned by state (mail, electricity production and gas production) or by private entities that have state concession (water providers, electricity distribution, etc.) or operating licenses (telecommunication and transportation).

Secondary concept of SGEI refers to public interest services that include services provided by public authorities (or entities delegated by these) under certain conditions. These conditions refer to elements like: i) universal access (for all population, without considering profitability – e.g. post services); ii) reasonable prices (e.g. energy field); iii) same quality for all providers (e.g. telecommunication field). All these considered, three categories of services can be distinguished, namely:

- a) services that are not provided by market rules: compulsory education, emergency medical services, social protection;
- b) state obligations: justice and public security;
- c) general economic interest services (SGEI): electricity, telecommunication, post, water and sewerage, waste, etc.

There are authors (Scot, 2000; Ross, 2000) who studied general interest services field and came up with new elements for approaching legislative connections.

A different manner in classifying SGI, which has represented a starting point our research, takes under consideration their fundamentals: economic SGI and social SGI.

Economic (investment based) SGI include public transportation, postal services, telecommunication, ICT, electricity, gas and water.

Social (consumption based) SGI refer to education, health, child care, social care, social housing and labour market services.

This paper proposes a discussion on the issues generated by the organising and the provision of SGI in Romania, which is a relevant case study considering the gradual market liberalisation since 1990 and the specific issues it has entailed in legal and institutional terms. Also, based on the transformations of the territorial structures in line with the EU general framework for regional policy implementation, it places a particular emphasis on the territorial distribution of competences and the derived responsibilities.

Consequently, the paper begins with an insight into Romania's territorial structures in order to understand the characteristics of the territorial distribution of competences for

the SGI, with a particular emphasis on the capabilities of various levels regarding the decision implementation in administrative terms. Then, the options for SGI management are examined as resulted from the existing legislation and corresponding institutional framework. Finally, a couple of SGI belonging to the economic and social category are offered as examples for the two distinctive management types that can be applied.

2. Territorial structures in Romania

Romania's administrative-territorial structure comprises one regional level – the counties, named “judete”, corresponding to NUTS3 level of the EUROSAT (there are 41 counties plus Bucharest municipality) and one local level (cities, towns, communes). Also, according to the Regional Development Act 151/1998 (updated as Regional Development Act 315/2004) eight development regions have been created and intended to serve as “the framework for conceiving, implementing and evaluating regional development policy as well as for collecting the statistical data corresponding to the NUTS 2 level of the EUROSTAT” (Law 151/1998 and Law 315/2004). Each region comprises between 4 and 7 counties (excepting Bucharest-Ilfov region). The eight regions “are not administrative-territorial units and do not have judicial personality” (Law 151/ 1998 and Law 315/2004). More recently, for statistical analysis purposes Romania is also present in EUROSTAT territorial scheme with four macro-regions corresponding to the NUTS 1 level (each of them comprises two development regions).

Hence, the counties (NUTS 3) are the only administrative units at regional level. At local level there are 320 urban centres (of which 103 municipalities) and 2854 communes. They are also administrative units. From the LAU perspective, the LAU 1 level in Romania is the same as NUTS 3, that is counties while the LAU 2 level is represented by the 3174 localities (municipalities (big cities), towns and communes).

In the described construction, only the counties and the localities have local administration competencies, whereas the development regions cannot be used as structures capable to implement the government's decisions in their territories. The current programming period has revealed a series of cases when the development regions were not able to promote larger scale, inter-county projects because they do not have judicial power, while the counties do have and, at the same time, counties may have divergent political interests. Therefore, at present there are serious political debates with regard to re-organising and transforming the development regions into administrative units, determined by the need to make them more powerful in relation to the counties.

In economic terms, according to Eurostat, in 2008 the GDP per capita (PPP) in Bucharest-Ilfov was 28,300 Euros (113% of the EU average), whereas it reached only 7,200 Euros in North-East (29% of the EU average), indicating a relative distance of 3.93:1 between the most and the least developed Romanian regions (Table 1). This gap was accompanied by a much higher one in terms of the FDI regional distribution: in the same year Bucharest-Ilfov attracted 30,594 million Euros, (62.7% of total FDI in Romania), while in North-East the level was only 1136 million Euros, (2.3%), which indicates a relative distance of 26.9:1. The other six regions have shares between 8.5% (Centre) and 2.5% (South-West), which indicate the clear divide between the capital

region and the rest of the country. The recent estimates of the National Forecasting Commission do not envisage significant changes in regional disparities.

Table 1. GDP per capita at PPP in the Romanian NUTS 2 regions compared to the EU-27 average

Region	GDP per capita PPP Euros	As % of EU-27 average
Bucharest-Ilfov	28,300	113%
West	12,700	51%
Centre	11,200	45%
North-West	10,400	41%
South-Muntenia	9,800	39%
South-East	9,700	39%
South-West	9,100	36%
North-East	7,200	29%
Romania	10,700	47%

Source: Eurostat

The regional disparities, usually measured at the NUTS 2 level, are more important when measured at the NUTS 3 (county) level, the differences between counties within the same region being bigger than those between regions¹. These disparities are reflected by differences in the urbanization degree, activity rate, employment distribution by activity sector, out-migration rate, the endowment and quality of social public infrastructure, accessibility to national transportation network, the quality of business environment, etc.

3. Territorial distribution of competences for services of general interest

Before the 1990, the services of general interest (SGI) in Romania were entirely provided by the public authorities. Afterwards, the market was gradually liberalized and the services of general interest captured the attention of private operators. Nowadays, the business sector is involved next to the public authorities in offering services of general interest of high quality in order to obtain the citizens' satisfaction. The cooperation between the public authorities and the business sector in Romania is more developed in the area of services of general interest that prove to be profitable, such as waste service and public transport, rather than services that need high investments in infrastructure, such as electricity, gas and water supply service. One convenient way for providing services of general interest refers to a combination between the public authorities and private sector resources, by creating companies with mixed capital. The contractual form available in Romania for these new formed companies, with public – private capital, is

¹ For example, in South-Muntenia region there are well developed counties such as Prahova, Arges, Dambovită but also much less developed ones such as Calarasi, Giurgiu, Teleorman.

the public-private partnership, stipulated by Law 178/2010 of Public – Private Partnership.

As regards the territorial distribution of competences for the services of general interest, they are divided between counties - LAU 1 (the same as NUTS 3) and localities (municipalities, towns and communes) – LAU 2. As previously mentioned, the development regions are not administrative units and, consequently, do not have competences in the administration of the services of general interest.

The Law no. 195/2006 of Decentralization provides a clear classification of the competences attributed to the local authorities at locality – LAU 2 and county – LAU 1 level. The competences are divided into the following categories: exclusive competence, shared competence, and delegated authority, as shown in Table 2.

Table 2. SGI competence type by LAU level

Type of competences	County (LAU 1)	Municipalities, towns and communes (LAU 2)
Exclusive	<ul style="list-style-type: none"> - Administration of local airports - Administration of the county public and private domain - Administration of the cultural institutions of county interest - Administration of the public health units of county interest - Primary and specialized social services for victims of domestic violence - Specialized social services for the elderly - Other competences established by law 	<ul style="list-style-type: none"> - Administration of the public and private domain of the commune or city - Administration of the road infrastructure of local interest - Administration of cultural institutions of local interest - Administration of public health units of local interest - Planning and urbanism - Water supply - Sewage and wastewater treatment - Public lighting - Waste - Social services with primary character for child protection and the elderly - Social services with primary and specialized character for victims of domestic violence - Local public passenger transport - Other competences established by law

Shared with central authorities	<ul style="list-style-type: none"> - Administration of the road infrastructure of county interest - Special education - Medical and social care services dedicated to persons with social problems - Primary and specialized social services for child protection - Specialized social services for people with disabilities - Community public services for inhabitants' account - Other competences established by law 	<ul style="list-style-type: none"> - Thermal power supply produced in a centralized system - Social and youth housing - Pre-university education, excepting the special education - Public order and safety - Social aid for people in need - Prevention and management of the emergency situations at local level - Medical-social services addressed to persons with social problems - Social services with primary character for people with disabilities - Community public services for inhabitants' account - Administration of road transport infrastructure of local interest at commune level - Other competences established by law.
Shared with county authorities	N/A	- Provision of services of public utilities through regional operators
Delegated by state	N/A	- Payment of allowances and benefits for adults and children with disabilities.

Source: authors' processing based on Law no. 195/22 May 2006 of decentralization

4. Legal and institutional issues

Compared to the EU approach, the Romanian legislation does not define the terms of 'public interest' or 'general interest'. There is just a definition of 'legitimate public interest' which can be found in the Law of Administrative Litigation No. 554/2004 and stipulates that the legitimate public interest is "*the interest which envisages the power of law and constitutional democracy, the guarantee of the rights, liberties and fundamental duties of citizens, satisfying the community needs, the implementation of the public authorities' competences*".

There is not a uniform definition of the public service concept either. The national legislation utilizes both a functional and an organic approach of this concept and many times the term of 'public interest service' is employed without making clear its content.

The term of 'public service' is defined by the same law as "*the activity organized/authorized by a public authority in order to satisfy a legitimate public interest*". Further on, the Law of Public-Private Partnership No. 178/2010 defines the

‘public service’ as *“the totality of actions and activities which ensure the satisfying of the utility needs and the general/local public interest needs of various collectivities”*.

In this respect it is necessary that the proposed definition ensure a correct understanding of the concept, in accordance with the European level tendencies. A basic option at the EU level is that of the functional defining of the general interest services, comprising market and non-market services, which are classified by the public authorities as being of general interest and subject to obligations specific to public services.

In 2006 the Law of Communitarian Services of Public Utilities No. 51/2006 was issued in order to ensure the basis of the regulatory framework for the services of general interest in Romania². This law specifies the authorities that impose the regulation of services of public utilities and their working principles. The National Authority for Regulating Community Services on Public Utilities (Autoritatea Nationala de Reglementare pentru Serviciile Comunitare de Utilitati Publice - ANRSC) is the regulatory authority for the following services of general interest: water supply, waste and sewerage, heat generation, transmission, distribution and supply in a centralized system, apart from heat energy produced in cogeneration, waste, sanitation of localities, public lighting, public and private management of administrative-territorial units and local public transport, under powers conferred by special law. This public institution of national interest has judicial personality and is subordinated to the Ministry of Administration and Interior of Romania. For the natural gas and electricity services there is a similar regulatory body, named the National Agency for Energy Regulation (Agentia Nationala de Reglementare in domeniul Energiei - ANRE). The activities of regulating and monitoring the services of transport are done by the Romanian Road Authority (Autoritatea Rutiera Romana - ARR), a public institution that is subordinated to the Ministry of Transport and Infrastructure (Ministerul Transporturilor si Infrastructurii). In the area of electronic communications, information and communication technology and postal services activates the Society National Authority for Management and Regulation in Communications (Autoritatea Națională pentru Administrare și Reglementare în Comunicații - ANCOM), under the subordination of the Ministry of Communications and Information. Ministry of Education, Research, Youth, and Sports (Ministerul Educatiei, Cercetarii, Tineretului si Sportului) is the main institution in charge with the regulation of the education. The services that are regulated by the Ministry of Labour, Family and Social Protection (Ministerul Muncii, Familiei si Protectiei Sociale) refer to labour market services, child care and social care services. Cultural and recreational services are under the coordination of Ministry of Culture and National Heritage (Ministerul Culturii si Patrimoniului National). The Ministry of Health (Ministerul Sanatatii) is responsible for the health care and compulsory social security. The Ministry of Regional Development and Tourism (Ministerul Dezvoltarii Regionale si Turismului) manages social housing.

The Law of Communitarian Services of Public Utilities No. 51/2006 is the main pillar of the policy framework for the public services in Romania. The two types of management of public services in Romania are represented by the direct management and indirect management.

² Found in the Romanian legislation as services of public utilities.

According to the Law 51/2006 direct management is achieved through its own structures of local authorities such as:

- specialty compartments;
- public services or special directions without judicial personality, organized within the City Council's own device;
- public services or special directions with judicial personality, organized under the Local Council, with its own heritage, etc.

Another section of this law refers to the delegated management which means *"the way in which local authorities [...] transfer to one or more operators all duties and responsibilities on the supply / provision of public utilities, and also the management and exploitation of related systems of public utilities, under a contract called contract of management delegation"*.

In the case of delegated management of public utility services, the operators can take the following form:

- commercial companies as suppliers of services, set up by local authorities with the capital owned by the administrative - territorial units;
- commercial companies as suppliers of public utility services resulted from the administrative reorganization of the autonomous of local or county interest or of the public services subordinated to the local authorities, whose capital is owned in whole or in part, as owner / co-owner, by the administrative - territorial units;
- commercial companies as suppliers of public utility services with private or mixed capital.

The management delegation agreement may take the form of concession contract or public - private partnership contract.

According to the same law, the public utility services are managed directly or by delegation. A certain method is selected by the decision of local councils, county councils, the General Council of Bucharest Municipality or Community Development Association based on some particular criteria, such as the nature and condition of service, present interest, etc. Legal relations between local authorities and operators of public utilities are regulated as follows: direct management by the decision of contracting out and delegated management by decisions and contracts (including concession) by which the service management is delegated.

The next section proposes an insight into four relevant SGI belonging to economic category and social category, respectively, so as to provide the basis for a better understanding of the management type applied in each case.

5. A spotlight on some SGI in Romania

5.1. Water and sewage

Water resources and population access to water are nonetheless some of the most important elements to solid development. A clear definition of water is given to us by the very first article of the Water Law No.107/1996:

„Water is natural, regenerative, vulnerable and limited resource that is indispensable for life and society, raw material for productive activities, energy source and way of transportation, essential factor in maintaining ecological equilibrium.”

The water related services have to be approached from two points of view: i) Water supplying and ii) used water recovery and treatment. The Romanian authority in monitoring and managing Directive 2000/60/EC is “Romanian Waters” National Administration (Administratia Nationala „Apele Romane” - ANAR). ANAR is not only responsible for managing water as mentioned, but also the institution involved in supervising the national network of hydrological and hydro geological and quality measurements for water sources that belong to public domain.

The legal framework of water supply and sewage in Romania is provided by the Law No. 241/2006. The leadership, coordination and responsibility of water service and sewage are actions associated with the local public administration. Water service includes *"all public activities of general economic and social interest"* in order to capture, treat, transport, store and distribute drinking or industrial water to the users of a certain locality. Instead, public water supply system includes buildings and land, technological installations, equipment as support for developing the public water service. The principles associated with water and sewage services refer to profitability, quality, efficiency, transparency and public accountability. Licensing suppliers and price policy is regulated, under the same law by the National Authority for Regulating Community Services on Public Utilities (ANRSC).

At users' level the service provided by the water supply and sewage systems is associated with performance indicators, which have to be based on professional studies carried out by local public authorities. Subsequently, the service performance indicators are approved by the City Council, County Council, the General Council of Bucharest or community development associations, depending on each specific case. *One of the strategic objectives of the central government authorities is to attract private investment and thereby stimulate sustainable development of local communities.* Local authorities have the responsibility to adopt decisions on forming cross- regional associations, implementing service management or delegation of water management service, creating mixed companies through equity participation or goods with the purpose of carrying out water supply systems, approving prices, tariffs and special fees for water service, etc.

The Law No. 241/2006 specifies the potential ways of managing the water supply services that can be found under two forms: direct and delegated management. On one hand, the first case implies that the local government is assuming, through its structures, all the duties and responsibilities for the water supply service. On the other hand, the contract of management delegation of water supply service involves the transfer of local

government tasks to one or more operators. In addition, the two contractual forms of the management delegation are represented by the concession agreement or public - private partnership. When awarding contracts by delegation of service management, the focus is placed on getting the best value for money and obtaining the satisfaction of local communities for the best conditions of general public interest.

Setting, adjusting and changing prices and tariffs for water supply service, in the case of management delegation contract, is based on the ANRSC rules, which both local authorities and operator agreed on. According to the ANRSC methodology, the tariff based on the operator proposal is composed of a fixed part for the necessary conditions for maintaining the operating of water supply service, and a variable part for the water associated consumption. Prices may differ from one region to another, based on network design, water source, losses, network length and age, etc.³

5.2. Public transport and infrastructure

The importance of public transport is closely related to the monopoly positions which the public transport operators do possess most of times regarding the access to specific infrastructure. For example, this is the situation of city entry transport systems or railway companies.

In terms of administrative organization, it is the Ministry of Transport and Infrastructure (MTI) that operates at central level in Romania. Excepting the administration of Bucharest Underground Services, MTI does not administrate other local public transport companies. The national companies which operate and administrate the Romanian railways (Romanian Railways for Passengers, Romanian Railways for Goods, Romanian Railways Infrastructure) are subordinated to MTI. The local public transport of the Romanian municipalities is, generally, under the control of local public administration.

Romania has an important geo-strategical position, being situated at the intersection of the routes linking West Europe and Black Sea or Middle East. Other important transport axes which cross Romania are those linking the Baltic Sea and the Balkan Peninsula and Mediterranean basin. On its territory Romania has portions from three of the ten Pan-European transport corridors, namely the Fourth Corridor Dresden/Nurnberg-Vienna-Budapest-Bucharest-Constanta-Sofia-Istanbul, the Ninth Corridor Helsinki-Kiev-Bucharest-Alexandroupolis and the Seventh Corridor which links the Black Sea with the North Sea through the Danube-Black Sea Channel and the Main-Rhine Channel.

- Road transport and infrastructure

According to the latest data provided by the National Institute of Statistics, the Romanian road transport network accounted for a total of 81,7 thousand kilometers of public roads in 2009.

³ For example, in Bucharest Municipality in 2011, water and sewage price per cube meter (before VAT applied) was 2,81 lei (2,30 lei for water and 0,51 lei for sewage). In Euros (4,3lei = 1euro), this means that one cube meter of water costs 0,66Eur (0,54Eur for water and 0,12 Eur for sewage).

According to a classification based on Ordinance no. 43/1997, a first category – the most important public roads – are the government property and they are in the administration of Romanian National Company of Motorways and National Roads (Compania Nationala de Autostrazi si Drumuri Nationale din Romania - CNADNR). This is the administration of national roads and motorways. These are the roads which correspond to the principal European Corridors which cross Romania and the roads which link the county capitals, the national strategic interest objectives, the capital city and the neighboring countries. It is these roads that 70% of the Romanian traffic runs on. The total length of the Romanian national roads represents c. 15,9 thousand kilometers and c. 263 kilometers of motorway.

A second category of public roads is the county roads. They are in the ownership and management of county councils and ensure the liaison between the county capital, airports, ports, local interest objectives, spas, municipalities and towns, commune capitals within the counties.

A third category of public roads is the roads of local interest that are owned and administered by the local councils. These roads link two communes or two villages belonging to a commune.

County and municipal roads in Romania represent over 65,200 km out of which only a small part (8700 km) are upgraded.

Road infrastructure network is uniformly distributed on the Romanian territory, without major differences of access and quality between regions.

○ Urban Transport

The public transport of towns and municipalities in Romania represent an important component of the system that ensures the transport needs of the population. As mentioned above, except for the underground network which is operated by MTI, the public urban transport is placed in the administration of local authorities (Law No. 92/2007). The authorities could provide this service through their own companies or could offer a license (according to the law in force) to private companies in order to operate the local public transport routes (in whole or in part).

Only the local authorities in the domain of local public transport services are able to assign this service to road transport operators and authorized carriers (Article 1, Para 6, h). Overall, the public transport in major cities is provided by companies that are set up and controlled by local authorities, because of the subsidy applied to the final price paid by the passengers. The urban transport includes all the means of transport listed below.

○ Bus

Considering that apart from the road infrastructure, the organizing of the bus routes requires relatively small investments, in all Romanian cities there are bus routes. Depending on the existing local demand, the buses have smaller or higher individual capacity. Prices are most of the time subsidized to the real costs, a reduction (or even free transport) being applied for certain categories of people (students, retired persons, revolutionaries, blood donors, etc.).

- Underground

There is only one subway in Romania and it is located in the capital city. The first metro route was put into service in late 1979. Currently, the route length is 69.25 km of double track running. The route length is under expansion and in various stages of execution / design of additional tracks (including those to airports). A relatively small number of stations provide additional facilities for the access of people with disabilities. Pricing and discounts policy presented in the bus section is also applicable here.

- Tram

The tram requires smaller initial investment compared with the subway and higher than for bus or trolley lines. Many of the important cities in Romania have tram and the largest tram networks could be found in Bucharest, Iasi, Cluj, Timisoara, Arad, Ploiesti, Sibiu, Galati, Braila, Craiova, Oradea, Botosani, Resita.

- Trolley lines

An unpolluted alternative to buses that requires lower initial investment compared with the tram lines is the trolleybus. Municipal public transport networks composed of trolley lines are found in big cities, such as Bucharest, Iasi, Cluj-Napoca, Baia Mare, Timisoara, Brasov.

- Taxi

Taxi companies must be licensed and meet specific conditions (e.g. a certain colour of cars, a specific level of pricing, etc.) in order to obtain access and operate in municipalities. Licensing is carried out by local authorities and for the access to certain objectives (e.g. airports) some special auctions are hold.

- Air transport and infrastructure

Romanian civil airspace is managed by MTI through an entity entitled Romanian Civil Aeronautical Authority (Autoritatea Aeronautica Civila Romana – AACR). The aero routes depending on the traffic flows are defined by the European authority called EUROCONTROL. There are 17 Romanian civil airports ⁴, 16 of them being open to international traffic.

- Railway transport and infrastructure

MTI monitors and coordinates the railways activity in Romania. The public body, under the MTI, designated to be in charge with the railway is the Romanian Railway Authority

⁴ In reality, according to administrative reorganization, the two civil airports from Bucharest: Otopeni and Baneasa have merged by absorption. However, the two locations are better known as separate entities (even in airport codes).

(Autoritatea Feroviara Romana – AFER) that received in 1998 by the Government Decision no. 626/ 1998 the right to undertake the following activities:

„[...] to ensure, mainly the state inspection and the safety control of the railway and subway transport, the railway register specific activity, the licensing of railway undertakings, the authorization and the technical survey of domestic suppliers of products and services in the railway field, the examination and certificates granting, in case, for the staff working in the field of the traffic survey, the investigation of the railway events and accidents.” (AFER, n.d)

The railway infrastructure is positioned under the administration of the state company entitled Romanian Railways (Caile Ferate Romane - CFR) Infrastructure. In 2009, Romanian railways counted for over 10,8 thousands km (National Institute of Statistics, 2011a). More than 37% are electrified. Most of the railways are normal gauge lines⁵ (98,7%). Only 27% are two-tracks, while majority is one track. For the last years, CFR Infrastructure Company produces losses.

Although there are private operators, the vast majority of passenger transport is carried out by CFR state company. In principle, any licensed operator has the right to bid for operating some routes. Unfortunately, the available statistics do not indicate the structure of the rail transport, being provided only total values.

- Maritime and fluvial transport and infrastructure (ports)

Transportation route from Suez Channel through Black Sea, Danube – Black Sea Channel – Navigable Danube – Main –Rhine – North Sea Channel is shorter with 300 km than other routes. Fluvial and maritime transport network is located in South and South-East of Romania. There is a total of 1779 km of inland fluvial routes, from which: 1075 km of international navigable Danube, 524 km of navigable Danube branches, 64 km of Danube – Black Sea Channel, 28 km of Poarta Alba-Midia-Navodari Channel, 88 km of other navigable routes. From Danube’s entering point at Bazias, up to Braila, it can be sailed by 2m draught ships, whereas maritime Danube is navigable for up to 7m draught ships. Romania has 26 fluvial ports, 6 fluvial and maritime ports and 3 maritime ports.

5.3.Education

According to the Constitution of Romania, *“the right to education is provided through general compulsory education, upper secondary and vocational schools, higher education, as well as other forms of instruction and training”*. Also, according to the same article of the Constitution, *“education shall be free by law. The State shall grant social scholarships to children and young people from disadvantaged families and those institutionalized, obeying the law. Education at all levels shall take place in state, private and religious institutions, under the law and university autonomy is guaranteed”*.

⁵ Lines where distance between rails is of 1435 mm.

The national public administration active in the area of education is represented by the Ministry of Education, Research, Youth, and Sports (Ministerul Educatiei, Cercetarii, Tineretului si Sportului).

The structure of the educational system in Romania is as follows:

Lower education level

- Early education / pre-school (0-6 years of age), made of ante-pre-school level (0-3 years) and kindergarten (3-6 years), consisting of small group, medium group, and large group, preparatory for school
- Primary educational level (I-IV grades)
- Secondary educational level, consisting of:
 - Secondary inferior educational level, or gymnasium (V-IX grades)
 - Secondary superior educational level, or high school (X-XII/XIII grades), with the following successions: theoretical, vocational and technological
- Professional education, lasting between 6 months and 2 years
- Tertiary non-university educational level, which comprises the post-high school education.

Higher education level (superior)

- university studies (3-4 years);
- master studies (1-2 years);
- doctoral studies (3 years).

Post-university education

- postdoctoral programmes
- post-university programmes

According to the Law no. 1/2011 of National Education, “*the general compulsory education is of 10 grades and comprises the primary educational level and the secondary educational level*”. In the national educational system, the public educational institutions have legal personality if they are organised and act in accordance with the mentioned law. Public local administration authorities ensure - obeying the law - the proper development of the pre-university education in the localities in which they exercise their authority. According to the Law no. 195/2006 of Decentralisation, the “*local public administration authorities in communes and towns exercise shared competences with the central public administration authorities regarding the pre-university education, except special education. Public administration authorities in the counties exercise shared competences with the authorities at the central public administration level regarding the special education*”.

In what concerns the higher education, according to the Law no. 1/2011 of national education, higher education in Romania is organised in “*universities, academies of studies, institutes, schools of superior studies, and others named higher education institutions or universities, these institutions being either public, private, or confessional. These institutions have legal personality, non-profit character, and are of public interest and apolitical*”.

The demographic decline in the last 20 years has also led to a decrease of the school population⁶ from 5.07 mil. persons in the university/school year 1990/1991 to 4.17 mil. persons in the university/school year 2009/2010 (figure 6).

The noticeable general downward trend is not specific to each educational level. This is also a consequence of the fact that the effect of births decrease after 1990 was also visible at the level of primary education 5-6 years later while certain organizational features⁷ even led to temporary increases in the number of children registered in the primary classes. The demographic decrease was more visible in the secondary cycle where from 1.46 mil. children registered in the year 1990/1991 the level decreased to almost 874 thousand children in 2009/2010. The high school education system partially compensated the decrease induced by the unfavorable demographic flows through a higher rate of involvement of the age appropriate children. Thus from a level of 996 thousand pupils registered in the high school system in 1990/1991 in 2009/2010 the level reached 838 thousand pupils. This superior rate occurred – especially in the last few years⁸ - against registrations in schools of arts and vocations. The educational level⁹ that met the most spectacular development was the tertiary system. From 192 thousand students registered in superior education in the university year 1990/1991 the level reached 907 thousand students in 2007/2008 and faced a decrease in the last couple of years down to 775 thousand students. The explanation of this exponential increase comes from the fact that: i) there is a phenomenon of integration of the superior education system especially through the Bologna system; ii) the appearance of the private superior education system – most of the times, of extremely low quality and with fewer admission conditions; iii) the extremely large restriction of the number of spots in the last years of the 80s. The last aspect had two consequences: the first was constituted in the base effect (the increase seems much more spectacular because the starting point was a very low one) and the second was manifested through the registration of a wide population category, between the ages of 30 and 40 – the one that missed the access in the system after graduating from high school – in long distance classes, at the same time remaining active in the work field.

From the perspective of the scholar network, two major events can be noticed. First of all, we have what appears to be a decrease in the number of educational units of pre-university level (ISCED 0-4). In the first decade after 1990, the number of schools varied in the frame 27-29 thousands (from a level of 28.3 thousand in 1990/1991 to 27.5 thousand in 1999/2000). Later, there was a significant decrease (with 2-3 thousand units in some years) until it reached certain equilibrium at a higher level of 8 thousand units. It was an apparent evolution because the units that disappeared were not closed, and the

⁶ A distinction should be made between the school enrolled population (pupils/students registered in the educational system) and the population of school age (persons aging between 3 and 24).

⁷ Postponing the registration in the first grade from the classical age of six from before 1990 to the age of seven. In 2005, there was a comeback to the compulsory registration at the age of 6, while afterwards there was a slowdown again.

⁸ As a consequence of the changes made in the post-secondary cycles which meant that the former vocational and apprentice schools were transformed into schools of arts and vocations which made the link – with an additional year – towards the high school cycle.

⁹ As a consequence of the fact that public services – according to some reasons – refer to education only in a compulsory level, the comments specific to the higher education system will be limited.

statistics only show independent schools¹⁰. The decreases mentioned by the statistics followed the phenomena of administrative reorganization (distributing certain schools to other close schools with the purpose of a better resource use). The second phenomenon is related to the explosion of the number of universities, through the appearance of private universities and the creation of state universities in certain urban centres. The superior educational system still faces major changes as a consequence of the decision of the Ministry of Education, Research, Youth and sports (MECTS) of proceeding to the classification of the universities for a better organization of the tertiary system.

From the viewpoint of the regional distribution, the network and the education system is relatively well distributed in the territory. There are however differences regarding a more significant development of the offer and quality of the education service in the traditional university centers (Bucharest, Iasi, Cluj-Napoca and Timisoara). In fact, a recent classification of the Romanian universities made by the MECTS placed 12 institutions in the first league. 25% of them (University Alexandru Ioan Cuza in Iasi, Technical University Gh. Asachi in Iasi and the University of Medicine and Pharmacy Gr. T. Popa in Iasi) are placed in the North-East region, the least developed one, indicating an important factor able to stimulate a faster economic growth in this region.

5.4. Healthcare

Public healthcare is coordinated by the Ministry of Health (Ministerul Sanatatii) and conducted by all state and private health units, constituted and organized under the law. The responsibility for the provision of public health rests with the Ministry of Health, local public health authorities and public health authorities in the ministries and institutions with their own health network. Public health assistance is guaranteed by the state and financed from the state budget, local budgets, the budget of the Exclusive National Fund of Social Health Insurance, or from other sources -as appropriate- under the law. Public health assistance care envisages both healthcare and pharmaceutical assistance. Public health protection is an obligation of central and local public administration authorities, and of all individuals and businesses.

In what concerns the organization and functioning of the national health system, it can be assessed that the public health authorities are represented by the Ministry of Health, and by other institutions engaged in public health at national, regional, county or local level. The Ministry of Health is a specialized body of the central public administration, with legal personality, subordinated to the Romanian Government and it represents the central authority in the field of public health care. In accordance with the government program, the Ministry of Health develops policies, strategies and action programs in health, coordinates and supervises their implementation at national, regional and local level and it is responsible for the healthcare reform process. Also, the Ministry of Health organizes, coordinates, and directs the activities to ensure public health and it acts to prevent and combat the practices harmful to health. The Ministry of Health, through its own structure and through county public health authorities and Bucharest public health authority and of the ministries and institutions with their own health network, verify the compliance with

¹⁰ The ones with judicial capacity, principal and perhaps board of administration.

public health regulations, and in case of irregularities or non-compliance, enforce measures according to the law. County public health departments and the public health department in Bucharest are decentralized public services of the Ministry of Health, with legal authority, representing the local public health authority. The public health institutes or centres are regional or national public institutions with legal personality, subordinated to the Ministry of Health, which coordinates technically and methodologically the specific activity in the field of substantiation, development, and implementation of the strategies related to disease prevention, the control of contagious and non-contagious diseases and of the public health policies in specific areas, at national and/or regional level. Subordinated to public health authorities, public health units in the belonged territorial jurisdiction are operating, except public health units of national interest or those belonging to the ministries or institutions, with their own health networks. County public health authorities and the public health authority in Bucharest, coordinate the county ambulance services and the Bucharest ambulance services, organize and coordinate the medical assistance, in case of disaster and special situations.

The public health departments sign contracts with the local public administration authorities to ensure the staff expenses for doctors, dentists, nurses and the expenditures for the standard endowment with drugs and medical supplies from the general medical and dental offices in schools. The amounts needed for the development of contracts are ensured by funds from the state budget, through the Ministry of Health budget. Public hospitals in the network of local public administration authorities sign contracts with public health departments.

In 2010 occurred the transfer process operationalization of the Ministry of Health attributions and competences to local public authorities, simultaneous with the insurance of human, material and financial resources needed for their performance. Also, the attributions of local public authorities in terms of decentralized competences were defined.

Regarding the healthcare infrastructure - according to data provided by the National Institute of Statistics, 2011b - in 2010 there were 503¹¹ hospitals, 311 clinics, 12,034 dental offices, 6,682 pharmacies, 11,170 family medicine clinics, and 8,870 specialized medical offices. The medico-sanitary units system also includes other categories of units, such as ambulatory, sanatoriums, medical centres, transfusion centres, etc. The healthcare system has its units geographically distributed in a manner not necessarily uniform but somewhat on an arborescent structure (in the meaning of the existence of extremely well-equipped medical units with both professional staff and medical equipment especially in university centers with tradition in medical higher education: Bucharest, Iasi, Cluj-Napoca, Timisoara, Targu Mures, Craiova) to ensure quick and easy access of patients to health care resources.

¹¹ Obviously we are aware of the extremely high heterogeneity of hospitals and - consequently - of a slight inaccuracy of aggregation of the number.

6. Concluding remarks

The legal framework created in Romania after 1990 for the SGI reflects the option for market liberalisation, applied in a differentiated way depending on the characteristics of various services. Obviously, the private sector is much more interested in the profitable services rather than in those requiring a high amount of preliminary investments in infrastructure.

For meeting the citizens' needs in a higher degree the involvement of the private operators is recommended not only independently but also in a public-private capital based cooperation, as supported by the public-private partnership law.

Changes in the territorial structures institutional framework are also recommended so as to ensure a better distribution of competences for the SGI, considering that at present the development regions are not administrative units and, consequently, do not have competences in the administration of the services of general interest.

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