

THE SERVICES OF GENERAL INTEREST IN ROMANIA: INSIGHTS INTO LEGAL AND INSTITUTIONAL ISSUES AT NATIONAL AND TERRITORIAL LEVEL

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Abstract

This paper addresses the legal and institutional issues generated by the organising and the provision of services of general interest (SGI) in Romania, with a special 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. 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. The cooperation between the public authorities and the business sector is particularly addressed in this respect. In methodological terms, several interviews were conducted both among the general informants, namely academic representatives, policy makers, etc. and the representatives of the services providers, such as practitioners or public-administrators involved in delivering SGI. The former category of interview respondents has generated ideas of a national coverage area, while the latter type of interviewees has presented their perspective on certain localities in Romania, but with wide applicability to other similar areas. The interviewees' opinions have been mainly focused on the state and the future challenges on SGI in Romania.

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

JEL Classification: R10

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 European Union, at the beginning of January 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.’ (Fulmini, [1])

The same document provides definitions for internal SGI and SGEI concepts. The 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).

The 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: universal access (for all population, without considering profitability – e.g. post services); reasonable prices (e.g. energy field); same quality for all providers (e.g. telecommunication field). All these considered, three categories of services can be distinguished, namely:

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

A different manner in classifying SGI, which has represented a starting point in our research, takes into consideration their fundaments: 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. Furthermore, methodological issues regarding the interviews conducted among Romanian specialists are exposed. Finally, the specialists’ opinion on the state and perspectives of SGI in Romania are discussed, revealing a series of valuable ideas on the evolution of this sector within the European framework.

Territorial distribution of competences for services of general interest

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 Law no. 151/1998 (updated as Regional Development Law no. 315/2004) [2] 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 no. 151/1998 [2] and Law no. 315/2004 [3]). 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 no. 151/ 1998 [2] and Law no.

315/2004 [3]). 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.

Before 1990, in Romania the SGI 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 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 the public-private partnership, stipulated by Law no. 178/2010 of Public – Private Partnership [4].

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 interest¹.

The Law no. 195/2006 of Decentralization [5] 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 three categories, namely exclusive competence, shared competence, and delegated authority, as shown in Table 1.

Table 1: SGI competence type by LAU level

Type of competence	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 	<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

¹ 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.

	services for victims of domestic violence - Specialized social services for the elderly - Other competences established by law	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	- 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	- 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 [5]

A bird's eye view on legal and institutional issues relating to SGI in Romania

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 no. 554/2004 of Administrative Litigation [6] 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' (Law no. 554/2004, art. 2 par. 1, [6]).

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' (Law no. 554/2004, art. 2

par. k, [6]). Further on, the Law no. 178/2010 of Public-Private Partnership [4] 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' (Law no. 178/2010, art. 4 par. c, [4]).

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 no. 51/2006 of Communitarian Services of Public Utilities [7] 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 Transports and Infrastructure (Ministerul Transporturilor si Infrastructurii).

According to the Law no. 51/2006 of Communitarian Services of Public Utilities [7] the two types of management of public services in Romania are represented by the direct management and indirect management.

Furthermore, the *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; and
- 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' (Law no. 51/2006, art. 30 par. 1, [7]).

In the case of *delegated management* of public utilities 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 utilities 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; and
- commercial companies as suppliers of public utilities services with private or mixed capital.

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

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

According to the same law, the public utilities 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.

In order to deepen this overall review, the specialists' opinion on the state and perspectives of SGI in Romania has been investigated. The next sections discuss the research methodology as well as the results of this inquiry.

Research methodology

For a better understanding of the situation of SGI in Romania and their potential evolution over time the interview was proposed as the most suitable instrument in the project's research context. The adopted technique has been the in-depth interview, since it includes guidelines that make it applicable to different contexts³. The interviews have been directed to two main categories of respondents, as follows: the general informants, namely key-users, academic representatives, policy makers and the representatives of the services providers, such as practitioners or public-administrators involved in SGI delivery. In this way, both the beneficiaries and the policy makers/providers were enabled to express their view on SGI in Romania. The opinions and ideas of both types of respondents have a national spreading, even though some of them are mainly focused on the North-East Region of Romania⁴.

The issues that were discussed along the interviews addressed the following research foci:

- the way SGI are provided in the region/state;
 - the major providers of SGI (local authorities, private companies, public – private partnerships etc.);
 - the plans and programmes related to SGI;
 - the criteria used for assessing SGI in the region/state;
 - the financing of SGI (government funding, local government funds, payment of users etc.);
- and
- the main future challenges of SGI.

Twenty interviews were applied in January - May 2012 among persons having an endorsed opinion on SGI at the national and territorial level in Romania. Two interviewees represented the academia and policy makers' opinion, while the others came from the local public administration and local service providers.

Thus, Ioan Radu is an important academia representative as his main research expertise is focused on SGI. He is a former president of the National Regulatory Authority for Communitarian Services of Public Utilities in Romania, the current president of the National Association of Technicians, Experts and Researchers for Public Services of General Interest and councillor in the domain of public services, economics and management within the Municipality of Bucharest.

Anca Cador is the manager of the Direction of market monitoring and field consultancy within The National Authority for Regulating Community Services on Public Utilities in Romania (ANRSC). Moreover, she expressed her opinion from the position of policy maker.

³ The in-depth interview was created by the SeGI team members of the Institute of Geography and Spatial Economy of the Polish Academy of Sciences as one of the institutional partner within our project. The responses to the interviews conducted in Romania by the Bucharest University of Economic Studies' research team within the SeGI project may be accessed upon request.

⁴ This region was the subject of the particular case study of SeGI project corresponding to Romanian partner.

Additionally, 8 interviews were carried out in Suceava county and 10 interviews in Vaslui county, at both municipality/town and commune level.

Results

Interviewees' perceptions on the state of SGI at national and territorial level in Romania

One of the interviewees belonging to the academia and policy-makers category specified that up to date most of the regulations for SGI have been developed and approved in order to harmonize the Romanian legislation with the *acquis communautaire*. In this respect, competences for all parts involved in the implementation, monitoring and control of the legislation compliance were established. In the future, based on the support of the central and local public administration authorities, it is expected that the quality of the SGI will increase and, implicitly, the citizens' quality of life, accompanied by the elimination of social exclusion and isolation. This could lead to the provision of services of general interest in a performing and non-discriminatory manner.

Law no. 51/2006 of Communitarian Services of Public Utilities [7], with further improvements and additions, establishes a uniform legal and institutional framework, with objectives, competences, functions and tools required for the creation, organization, management, financing, operation, monitoring and control of regulated supply/provision of SGI. It also entrusts the ANRSC with responsibilities and competences in the position of regulator, monitoring and controlling authority in this domain. Starting from this law that represents the legal framework of the SGI in Romania, for each public service specific laws have been developed and adopted, except for the law of public and private administration of the territorial administrative units whose project was rejected. Also, the 'National strategy for accelerating the development of communitarian services of public utilities' was developed and approved by the Government Decision no. 246/2006 [8]. It lays the foundations of the multi-annual plan for the development of these services.

An issue of a great interest refers to the financing of the capital expenditures for achieving the public investment objectives of the territorial- administrative units with regard to the public utilities systems. It is ensured from the following sources: own funds of the operators and / or local budget funds; bank loans, which can be guaranteed by administrative-territorial units, the Romanian state or other entities specialised in the provision of bank guarantees; grants obtained through bilateral or multilateral arrangements; special funds set up under the special taxes, established at the local public administration authorities level; funds transferred from the state budget, as participation in co-financing investment programmes accomplished with external financing; participation of private capital in public-private partnership contracts such as 'build-operate-transfer' and its variations, according to the law; funds provided by users.

When it comes to the operators' revenues, both users' own financial resources and local budget funds can be implied. Thus, the operators' revenues are collected from the users via prices or rates - the amounts representing the value of the supplied / provided services and, where appropriate, from the local budget allocations. In the latter case, the following principles have to be observed: ensuring the financial autonomy of the operator; ensuring the economic profitability and efficiency; ensuring an equal treatment of the public utilities services in relation to other SGI; full recovery of the costs relating to the provided services by the operators.

As far as the financing forms of SGI are concerned, most interviewees have mentioned that almost all of them are encountered in Romania, namely funds from contributors, governmental funding, local governmental funds, payment of user and various combinations. In a hierarchical order based on the interviewees' answers, the users' payments occupy the first position.

In all Romanian regions the practice of establishing the prices of SGI is the same. The prices are established in accordance with the necessary expenses for the functioning of SGI, adding a minimum share for development. The price recommendations are sent to the ANRSC for approval. After the approval is obtained, the Local Council, as deliberative authority of the local public administration, approves the tariffs by decisions.

Starting from the calculation methodology established by the competent regulatory authorities, prices and tariffs for services of public utilities are based on the production and operating costs, on the maintenance and repairs costs, on the payment relating to immobilized capital in tangible and intangible assets, on the environmental costs, on the financial costs associated with loans, on the costs arising from the contract of delegation, and also include a quota for creating sources of development and modernization of the systems of public utilities, and, finally, a profit share is added. A general recommendation formulated by the interviewees for the local public administration authorities is put a stronger emphasis on the development and modernization issues when establishing the prices and tariffs. By covering, most of the times, only the costs implied by SGI, the risk would be the lack of funds for further development of SGI.

Most interviewees provided positive answers when asked about the legally defined criteria for quality, accessibility, affordability of SGI. Additionally, in a very large proportion, the interviewees agreed with the fact that the category of users that have difficulties in accessing the SGI is made of low-income families or unemployed. The main barriers identified as hindering the access to services are of economic and social nature. More specifically, the interviewees specified as barriers the lack of infrastructure, the limited material resources and the lack of financial resources of the citizens.

The evaluation of the quality and the provision of SGI could be conducted by using the annual assessment reports and the laws in force. The interviewees pointed out that the national legislation specifies the necessary procedures for each type of service and the way of solving the users' complaints. They also mentioned that several indicators for assessing the SGI quality have been developed, being included in the methodology of the national plan. The evaluation of the quality of services provided by the local public sector is in most of the cases conducted internally, based on operating regulations of each service. Annually the evaluation of the SGI is made by local administration on the occasion of the Local Council meetings. In addition, an external evaluation of SGI is made by the citizens benefiting from them. The Court of Auditors, the ANRSC, the central and local public administration are among the controlling bodies of the accessibility and affordability of SGIs, enumerated by the interviewees.

Going further, the analysis of the North-East Region's particular case (NUTS 2 level) has revealed the following distribution of responsibilities between SGI operators:

- the local public authorities are responsible for local public administration, water supply service, sewage, sanitation, local road infrastructure, social assistance, library, cultural centres, education- only the infrastructure;
- state is in charge with education, health and railway transport; and
- private companies operate in health, local road transport, postal services, electric energy, and telecommunications.

At a lower level (NUTS 3), evidence for Vaslui county, as part of the North-East Region, has been provided:

- The water supply service is mainly ensured by the local public administration authorities but is not usually provided to all villages included in a commune. However, the expanding of this service is specified in the local strategies, benefiting from governmental support. There are only a few private operators that are encouraged to provide this service in the envisaged area.
- The electricity distribution is ensured by E-On Moldova, which is private company holding the monopoly in the domain.
- The education at the local level contains preschool, primary education, gymnasium and high school coordinated at the county level by the Education Inspectorate.

- Telecommunications are provided by all main private companies in Romania.
- The road transport is provided by private companies whereas for railway transport the support comes from the Romanian national company of railways.

The main suppliers of public utilities services and their status heavily depend on the type of provided service, and the territorial and administrative characteristics of the locality in which the service is provided.

Among the investigated cases there are situations of natural monopoly. As specified by Law no. 51/2006 [7], in the domain of public utilities services it is defined as the market situation particular to some services of public utilities that, on a bounded area, can be supplied / provided only by a single operator. At the same time, any agreements which lead to the growth of the monopoly of services of public utilities, to the restriction, prevention or distortion of competition on the market of services of public utilities as well as association agreements or any concerted practices between operators are forbidden, regardless the manner of organization, ownership or method of management.

The government ensures the accomplishment of the state general policy in the domain of public utilities services, according to the Programme of Governance and to the objectives of the National Plan of Economic and Social Development, by implementing a series of actions aiming at supporting the local public administration authorities to develop the service infrastructure and to improve the provision of the SGI. In relation to emphasizing this statement, the vast majority of interviewees pointed out that there are strategy plans or programmes that regulate SGI. Some of the interviewees specified that these kind of plans or programmes can be found at both local and national level.

Interviewees' perceptions on the perspectives of SGI at national and territorial level

The interviewees have expressed a series of opinions on the driving forces that influence SGI at national and territorial levels and the future concerns on SGI.

When asked about future concerns on the services of general interest, Ioan Radu mentioned two different directions: on one hand the service privatization and, on the other hand, the privatization of the service management. The latter direction means to delegate through a public - private partnership the management of a certain service with clear obligations for the concessionaire regarding the capacity of holding up the necessary investments in time and ensuring the quality by accomplishing the indicator levels stipulated in contract. Within the contract that is signed between the local administration and the service operator is stipulated the name of the authority in charge with the contract monitoring. The interviewee has indicated as example the investment programme of Apa Nova, called 'Bucur'. This programme is specified in the additional contract no. 6 at the concession contract between the local authorities of Bucharest and Apa Nova. As the Mayor stated on his BlogSpot, this Programme started in 2011 and implies an investment of 60 million dollars from Apa Nova to the city of Bucharest during the following years. Based on this programme, there are in progress of execution 53 streets, summing up 20,000 km public network of water supply and 14,600 public network of sewage. The newest technical asset will be the construction of two interception channels that will diminish the risk of flows in the city centre of Bucharest in case of extreme weather phenomena. Even if the intention of the authorities is to maintain the current tariff levels, it is very possible to cover the return on investment from the updated tariffs applied to the citizens as well. As regards the authority in charge with the monitoring of the water supply quality in respect to the performance indicators⁵ in Bucharest, its name is the Municipal Authority of Regulation in Public Services. Moreover, other examples may be identified in energy, health, social assistance as private houses for the elderly. In addition, another action that is still a challenge for Romania regards the unique counter⁶ which deals

⁵ Such as a certain level of the concentration of sand in water; a new treatment plant for Bucharest at Glina.

⁶ Called 'ghiseul unic'.

with the customers complains about the service. As the National Authority of Consumers Protection stipulated, these complaints have to be solved by each local public administration authority through the unique counter.

When it came to the future directions of the SGI in Romania the interviewee pointed out a series of targets, such as:

- the acceleration of the decentralization policy, so as to place the services under the administration of the local authorities;
- involving the non - governmental organizations in providing SGI, mainly for those services that have a social character;
- observing the principles of sustainable development with regard to energy, sanitation, environment and others⁷;
- political will for the modernization of SGI and for the promotion of the public – private partnership;
- a coherent management⁸ that should be adopted by the local public administration;
- selecting the most competent employees and developing managerial competences⁹; and
- the involvement of the civil society in providing quality SGI through the interaction between central administration – local administration and civil society.

A final issue discussed with Ioan Radu envisaged the challenges that SGI have to face. The following challenges have been revealed by the interviewee:

- Identification of new sources of energy.
- Romania's obligation to move towards an efficient waste management.
- The obligation of taking into account the role of the civil society in assuring the provision of SGI, mainly social services.
- As Romania has to implement the standards imposed by of the European Union regarding various SGI, the attraction of foreign investments is the main solution in this case.
- Promoting professional competence by developing an educational system that encourages specialization in a certain SGI (e.g. assistants, nurses, etc.).
- A higher interest for collecting financial resources from external sources, also from different programmes that are developed by a certain European country and having Romania as beneficiary.

Another principal interviewee, Anca Cador mentioned that SGI are in the middle of the debates and represent the main question of the role assumed by the public authorities in a market economy: on one hand, they have to monitor the proper functioning of the market, and, on the other hand, to guarantee the general interest by satisfying the primary necessities of the citizens and preservation of the public goods when the market fails to do so. How public authorities fulfil their obligations to citizens is subject to a constant evolution by responding to economic, technological and social approaches.

In the particular case of Romania, certain SGI are still provided by public authorities. In recent years, they have entrusted more frequently the provision of these SGI to public and private enterprises or to partnerships between the public and private sectors. Further on, the public administration is more focused on defining public objectives and monitoring, assuring the regulation framework and - where appropriate, funding those services. This evolution does not determine public authorities to give up their responsibility to guarantee the accomplishment of the objectives of general interest. Through relevant regulations, public authorities must be able to determine national and local policies on services of general interest and to monitor their implementation.

Finally, Anca Cador stated that the SGI have an extraordinary impact on the environment. On the one hand, SGI represent a major pollutant, and on the other hand, substantially participate to the limitation of the pollution degree (e.g. waste water treatment, collection and waste

⁷ One example refers to producing approximately 30% of energy by alternative sources, which is a European target that Romania had to accomplish by the beginning of 2011.

⁸ By applying the Emergency Ordinance no. 109/2011 regarding the obligation for public enterprises to implement the principles of corporate governance [9].

⁹The constraint that appears in the case of Romania and makes this issues very difficult to implement is that the salaries are very low and very skilled persons are not attracted to enter in public administration.

disposal). Obeying the environmental requirements throughout the entire life cycle of the SGI infrastructure (build-operation-maintenance-demolition) becomes extremely important in the framework of sustainable development concept, as in the context of universality principle corresponding to services of general interest (Balalalia (Iosif), Petrariu and Bumbac, [10]).

When applied at territorial level, the interviews highlighted the main challenges that are associated to SGI in the near future, such as:

- liberalization, quality, cost/efficiency;
- the increase of demand for services;
- financing and the limitation of funds for the development of SGI;
- attracting European funds through different projects;
- developing systems of renewable energy;
- competition;
- bureaucracy;
- decentralization;
- equitable relationship between providers and users; and
- observing European legislation.

Summing up the interviewees' opinions collected at territorial level, the main issues that have to be considered by the SGI strategies and policies refer to:

- bureaucracy and the legislative fluctuation;
- competition, quality and cost/ output ratio;
- observing the European norms;
- developing systems of renewable energy;
- technology development;
- regionalization;
- economic crisis and financial instability;
- an even higher lack of financial resources;
- political influence and corruption;
- decentralization of SGI; and
- competition, quality of services and better prices.

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.

Apart from the general issues regarding the administrative-territorial structure of Romania and general aspects corresponding to SGI in Romania, this research has provided a qualitative analysis of the SGI in Romania in accordance with the territorial distribution of competences and the derived responsibilities.

Regulations corresponding to SGI, the financing forms, the mechanism of establishing the SGI prices, the evaluation of the quality and the provision of SGI, the programmes and plans associated to SGI represent the main subjects discussed along the applied interviews related to the state of SGI in Romania.

When asked about the future of SGI in the region/ country most of interviewees tried to give rather optimistic answers and hopes in good evolutions. The future optimistic directions envisage the development of SGI in accordance with the European policies so as to consolidate the economic and social cohesion. However, pessimistic answers have been also provided and they are mostly related to the uncertainty on the market and the financial constraints.

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