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Types of Decentralization. Romania's Positioning in the European Context

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Abstract: *This article focuses on the analysis and evaluation of the level of decentralization in Romania, compared to the European Union average, examining the three essential dimensions of decentralization: fiscal, administrative, and political.*
The main aim of the article is to analyze these types of decentralization and to assess Romania's positioning relative to the EU average, based on relevant indicators and scores reported by the European Committee of the Regions. The goal is to determine the degree of practical implementation of decentralization, beyond the existing formal framework. Decentralization is defined as the transfer of administrative and financial competences from the central level to local authorities, giving them the ability to directly and efficiently manage community-specific issues, making their own decisions in areas such as internal organization, investment prioritization, and public service delivery.
The methodology used in this article is based on a comparative analysis of official indicators provided by the European Committee of the Regions. For each dimension of decentralization (fiscal, administrative, and political), Romania's scores and rankings were examined in relation to other EU member states, using a quantitative and graphical approach to highlight performance differences.
With an overall average score of only 1.4, Romania ranks 20th out of 27 in the EU ranking, below the European average. This confirms that although there has been progress in the political and administrative dimensions, decentralization remains limited, especially from a financial perspective. This significant financial dependence on the central level represents a major obstacle to improving the efficiency of local public services and promoting balanced territorial development. At the administrative level, Romania has good local institutional capacity, but the transferred competences remain modest, and central control is still significant. In contrast, political decentralization is better shaped, with increased influence of local authorities in the decision-making process.

Keywords: *types of decentralization; public services; administrative capacity; fiscal decentralization; administrative decentralization; political decentralization.*

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Introduction

The stability of local public administration in Romania is ensured by the coherent application of the principles of local autonomy and decentralization. According to the Romanian Administrative Code, decentralization involves the transfer of certain administrative and financial competences from central authorities to local ones, providing communities with the possibility to directly and efficiently manage their specific local issues (OUG nr. 57/2019). At the local level, public authorities thus gain the freedom to make their own decisions in various areas related to internal organization, investment prioritization, public service delivery, and the management of local resources.

In this article, we aim to analyze the main types of decentralization: administrative, fiscal, political, and functional, and to evaluate Romania's positioning relative to the European Union average, based on relevant scores and indicators regarding the level of decentralization reported by the European Committee of the Regions. The degree of decentralization of a national system directly influences the efficiency of governance, the quality of public services, and the capacity to adapt to local needs.

General framework of decentralization in Romania

Romania has a unitary administrative-territorial organization, structured on two main levels. The first level is represented by the counties — a total of 41, plus the municipality of Bucharest, which has a special status. The second level includes local administrative-territorial units (UATs), made up of communes, towns, and municipalities. According to data provided by the Ministry of Development, Public Works, and Administration, at this level there are 3,228 UATs in operation, of which 2,862 are communes, 216 are towns, and 103 are municipalities (Ministerul Dezvoltării, Lucrărilor Publice şi Administraţiei, 2021).

An aspect we would like to highlight regarding Romania's territorial organization is the high number of administrative-territorial units, largely resulting from the process of splitting localities, especially in rural areas, after 1989.

Romania has chosen an approach somewhat contrary to the general European trend of administrative consolidation. While many European states have opted for merging local structures to optimize public management, the Romanian administrative system has moved toward an accentuated territorial fragmentation. This excessive division of the territory

into small-sized entities can create administrative difficulties, limited access to resources and public services, as well as high operational costs relative to the financial capacity of each unit.

Although this territorial structure creates the institutional framework for decentralization, we wish to analyze the actual degree of decentralization, based on data provided by various official institutions, in terms of financing, administrative decision-making, and political decentralization. In other words, although decentralization exists formally, we aim to investigate whether it is truly implemented in practice.

Typology of decentralization: fiscal, administrative, and political dimensions

Decentralization manifests in three essential forms: fiscal, by allocating financial resources to local levels to enable real budgetary autonomy; administrative, by delegating responsibilities for managing public services; and political, by transferring political power to elected local authorities.

Fiscal decentralization involves the redistribution of fiscal resources and granting local structures the capacity to generate their own revenues, constituting the foundation of their economic independence. This form of autonomy is achieved by transferring the right to collect and manage certain categories of taxes and fees to local levels of government. (Ibrahim, 2024)

In this framework, fiscal decentralization allows territorial authorities to build their own financing strategies, tailored to the local economic potential and specific development priorities. A study conducted in 2024 provides a comprehensive description of fiscal decentralization as one of the means of implementing regional autonomy, authorizing local governments to independently manage their own finances. (Digdowiseiso, 2024)

According to the same study, fiscal decentralization means transferring financial authority from the central government to local authorities, granting them the ability to collect their own revenues, decide on local public spending, and formulate and implement regional fiscal policies. Another study on the impact of government spending on economic growth in Myanmar concludes that fiscal decentralization makes a significant and positive contribution to stimulating economic growth. (Phyu & Bedada, 2025)

Additionally, Nguyen et al. explore the connection between fiscal decentralization and sustainable development, emphasizing how local authorities can promote sustainability through decentralized budget control, which facilitates the adaptation of public policies to the specific needs of communities. (Nguyen et al., 2025)

Administrative decentralization consists of the transfer of executive and operational functions from central authorities to local public institutions. This form of institutional reorganization aims to strengthen the capacity of local administrations to autonomously manage activities and public services that fall within their legally established competences.

Through this process, the central administration delegates concrete responsibilities — such as managing urban infrastructure, providing community services, or issuing administrative acts — to local authorities, which are in direct contact with citizens. This type of decentralization allows for better adaptation to local particularities, thus ensuring a more prompt and efficient response to community needs, as well as a reduction in bureaucracy and decision-making distance.

A recent study by Yarifar and his collaborators highlights the role of administrative decentralization as a mechanism for strengthening institutional integrity. The authors show that delegating administrative responsibilities to local levels not only reduces the size of the central apparatus but also contributes to combating corruption by clarifying responsibilities and increasing internal control efficiency. The French model is presented as a successful example of implementing decentralization as a form of functional local democracy. (Yarifar et al., 2024)

In another study applied in the education sector, Sabir et al. (2021) define administrative decentralization as a complex process of transferring executive competences from central authorities to regional directorates. The research emphasizes that the efficiency of decentralized public services depends on the professional training of local staff and the creation of an institutional environment conducive to decentralized governance.

A significant theoretical contribution is made by Umarov (2023), who analyzes the principles of decentralization in the context of public administration. He argues that administrative decentralization is essential for modernizing institutions and creating a functional balance between the interests of the state and those of local communities. The study contends that administrative autonomy favors decision-making adapted to territorial needs, while also strengthening the legitimacy of the decision-making process.

Political decentralization involves placing decision-making power in the hands of democratically elected local authorities, giving them the capacity to govern autonomously on behalf of the communities they represent. This form of decentralization does not merely involve executing decisions made at the central level but entails directly assigning deliberative and regulatory competences at the local level.

Through the establishment of councils or local assemblies elected by direct vote, a legitimate framework is created for exercising political power in the territory. These bodies gain the freedom to shape their own governance agendas, adopt policies, and prioritize resources according to the aspirations and specific needs of the inhabitants. In this way, political decentralization encourages civic participation, diversity of solutions, and accountability of local leaders to their communities.

At the international level, there are studies that provide a wide range of perspectives on the mechanisms, challenges, and effects of political decentralization.

An essential contribution to the understanding of political decentralization is provided by Di Bona et al. (2023), in an extensive quantitative study published in *EPJ Data Science*. In this context, political decentralization is defined as the process by which decision-making authority is transferred from the central government to democratically elected local structures, thus strengthening vertical control mechanisms and democratic accountability. The study emphasizes that this form of decentralization has seen significant growth in the context of expanding democracy and crises of legitimacy affecting centralized governments.

An applied perspective on political decentralization is offered by a study conducted in the Dawro area of Ethiopia, which investigates the impact of this process on the development of local democracy. The research defines political decentralization as the transfer of decision-making authority to local authorities directly elected by citizens, thus strengthening civic participation mechanisms and democratic accountability. The authors emphasize that decision-making legitimacy derived from direct elections allows for a more faithful representation of the interests of territorial communities and better adaptation of policies to local needs. (Blucha Gamu, 2022)

As highlighted by the studies mentioned above, decentralization is defined as a cumulative result of the three fundamental dimensions of the decentralization process, namely: fiscal decentralization, administrative decentralization, and political decentralization.

Decentralization in Romania compared to the European Union: An analysis of fiscal, administrative, and political components

According to the official Decentralization Index source from the Committee of the Regions, ***the level of fiscal decentralization in Romania*** is assessed using three essential indicators (European Committee of the Regions):

- *Expenditure Ratio*: expresses the proportion of expenditures made by local authorities in relation to total government expenditures. This indicator reflects the financial autonomy of local administrations.

- *Revenue Ratio*: measures the share of revenues collected at the local level within the total revenues of the state. The higher this proportion, the greater the financial capacity of local authorities compared to the central administration.

- *Revenue Autonomy*: indicates the level of financial independence of local authorities, namely the extent to which they can generate and manage their own resources without significantly depending on allocations or transfers from the central level.

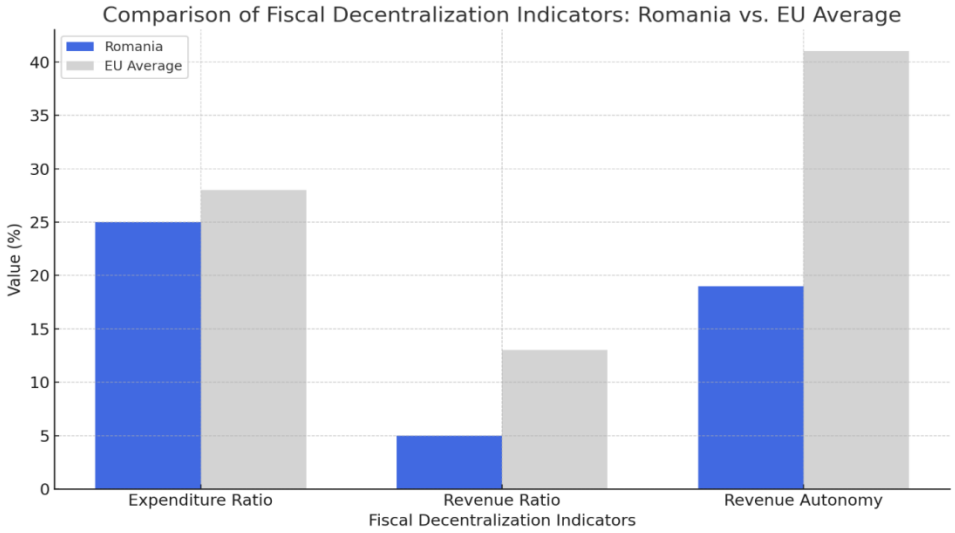


Chart no. 1. Indicators of fiscal decentralization. Romania compared to the European Union average
Source: based on data provided by the European Committee of the Regions, Decentralization Index

For the first indicator, Romania has a score of 25%. This value places Romania in the "Low decentralization" category, according to the methodological grid ("Low decentralization" when the Expenditure Ratio is between 20–26%). Romania's position in the ranking of member states, namely 15th out of 27, highlights an intermediate situation but with a tendency toward limited fiscal decentralization in this dimension.

For the second indicator, with a score of only 5% for the share of local revenues, Romania falls into the "Very low decentralization" category, according to the classification of the Committee of the Regions. Ranking

22nd out of 27 in the EU reflects an extremely low level of local financial autonomy, indicating a strong concentration of spending at the central level.

For the third indicator, with a score of 19%, Romania is situated at the lower limit of the classification and is placed in the "Very low decentralization" category, indicating a marginal role of local authorities in managing public expenditures. The 24th position out of 27 in the European Union ranking reflects a pronounced centralization of financial resources and extremely limited local fiscal autonomy.

Administrative decentralization in Romania is analyzed through three essential dimensions: the level of delegation of competences to local authorities, local administrative capacity reflected by the available human resources, and the degree of control exercised by central authorities over local ones.

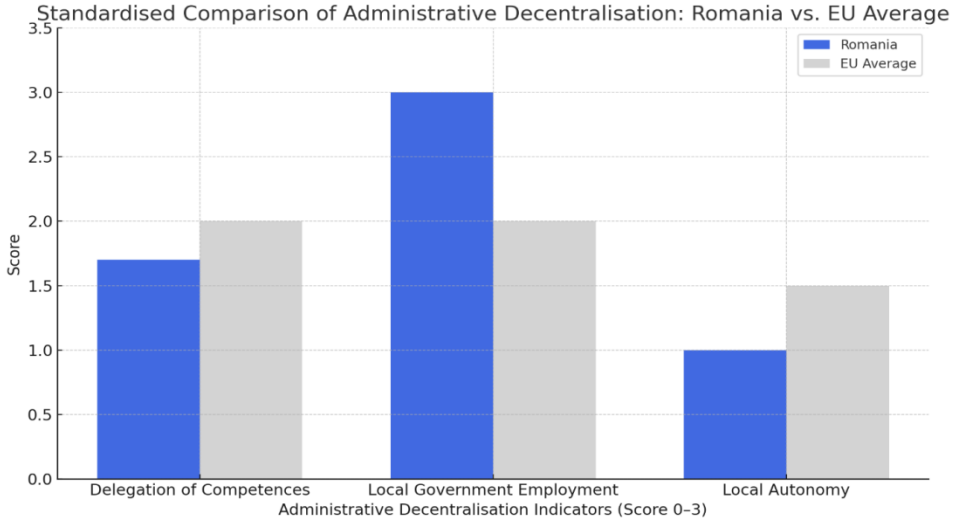


Chart no. 2. Indicators of administrative decentralization. Romania compared to the European Union average
Source: based on data provided by the European Committee of the Regions, Decentralization Index

For the first indicator, regarding the delegation of competences, Romania obtained a score of 1.7 and is ranked 17th out of 27, which indicates a low to medium delegation of responsibilities to local authorities, these having a modest role in formulating their own policies.

For the second indicator, which evaluates the share of local-level employment out of total government employment, Romania records a score of 58% and occupies 3rd place in the European Union, which places the

country in the category of "high share of local-level employment" (over 42%). This suggests a high degree of administrative decentralization, with an important role granted to local authorities in providing public services and managing communities.

Regarding local autonomy from central government supervision, Romania obtains a score of 1.0, ranking 10th out of 27, which suggests that central authorities exercise a significant degree of control over local administrations, limiting their decision-making autonomy.

According to the same source from the Committee of the Regions, ***the level of political decentralization in Romania*** is evaluated based on five essential indicators that reflect the way in which local and regional authorities participate in decision-making and legislative processes. These indicators include Legal basis for self-government, Representation at national level, Ability to influence policymaking, Direct relations with the EU, and Subsidiarity.

Each member state was assigned a score between 0 and 3 for each of these dimensions, both at the local and regional levels, reflecting the real degree of involvement and political autonomy in the governmental architecture.

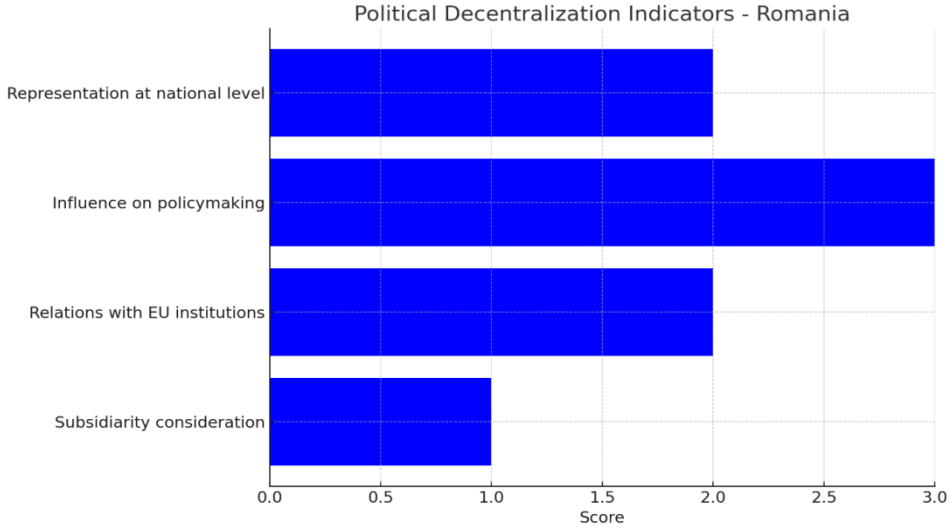


Chart no. 3. Indicators of political decentralization. Romania compared to the European Union average
Source: based on data provided by the European Committee of the Regions, Decentralization Index

For the first indicator, there are no available data, which is why it is not included in the above chart.

The second indicator, representation at national level, shows that Romania has a score of 2, which means that local and regional authorities are represented at the national level, but not very strongly.

For the third indicator, influence on policymaking, Romania obtains the maximum score of 3, which shows that local authorities have an important role in political decision-making. In the case of the fourth indicator, relations with EU institutions, the score of 2 shows that there are direct relations with the European Union institutions, but these could be better developed.

For the last indicator, subsidiarity consideration, Romania has a score of only 1, which suggests that the opinions of local authorities are rarely taken into account in national or European decisions.

Conclusions

We present below, in summary form, in the Table, Romania's scores and rankings regarding the three dimensions of decentralization: fiscal, administrative, and political, according to data from the Committee of the Regions (EU).

Table no. 1. Romania's positioning in the EU regarding the three forms of decentralization

No.	Dimension of decentralization	Score obtained by Romania	Ranking among EU member states (out of 27)
1.	Fiscal	0,3	15 / 27
2.	Administrative	1,9	12 / 27
3.	Political	2,0	8 / 27
	Average	1,4	20 / 27

Source: based on data provided by the European Committee of the Regions, Decentralization Index

Analysis of the scores obtained by Romania on the three dimensions of decentralization — fiscal, administrative, and political — highlights a mixed profile, with uneven performance and an overall moderate to low level of decentralization.

Romania records its lowest score in fiscal decentralization (0.3), ranking 15th out of 27, which indicates a very limited financial autonomy of local authorities and a high dependence on resources transferred from the central level. This aspect represents a major obstacle to improving the efficiency of local public services and promoting balanced territorial development.

Regarding administrative decentralization, Romania obtains a score of 1.9, ranking 12th, which suggests a moderate level of transfer of administrative competences, but with relatively well-distributed human resources at the local level.

The best performance is observed in the political dimension, where Romania reaches a score of 2.0 and occupies 8th place in the EU, reflecting a relatively good representation of local authorities in the national decision-making process and an increased capacity to influence public policies. With an overall average of only 1.4, Romania ranks 20th out of 27, below the European Union average, confirming that, despite some progress in the political and administrative areas, decentralization remains limited, especially from a financial perspective — an essential aspect for real and functional local governance autonomy.

In conclusion, Romania continues to have a low level of decentralization, mainly affected by the lack of financial autonomy, which limits the real capacity of local authorities to effectively respond to community needs. To strengthen local autonomy and enhance the capacity for action at the local level, it is necessary to increase fiscal decentralization, along with continued progress in the political and administrative spheres.

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