

PARLIAMENT OF ROMANIA

LAW no. 315 28 June 2004 on regional development in Romania

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The Romanian Parliament has adopted this law:

CHAPTER I GENERAL PROVISIONS

ART.1. The present law shall establish the institutional framework, the objectives, the competencies and the instruments specific to the regional development policy in Romania.

ART. 2.(1) The regional development policy is the entirety of the policies elaborated by the Government through central public administration bodies, by local public administration authorities and specialized regional bodies, through consultation of the involved social and economic partners, in order to ensure the economic growth, and well-balanced and sustainable social development of geographic areas organized as development regions, to improve Romania's international competitiveness, and to reduce the economic and social disparities between Romania and European Union member states.

(2) The application of the regional development policies is achieved in accordance with the objectives and general development priorities of Romania as well as with the European Union economic and social cohesion objectives.

(3) The fulfilment of regional development policies is done on the basis of the subsidiary, decentralization, and partnership principles

ART.3 The main objectives of regional development policy in Romania are as follows:

a) to reduce the existing regional disparities by stimulating the well-balanced development, accelerating the recovery of delays in less economically and socially developed areas as a consequence of historical, geographic, economic, social and political circumstances and preventing the emergence of new imbalances;

b) to correlate the governmental sector policies at the level of regions by stimulating the initiatives and using the local and regional resources in order to achieve a lasting economic and social development as well as a cultural development of the regions;

c) to stimulate inter-regional, internal and international and cross-border cooperation, including within the Euro-regions, as well as to encourage the participation of the development regions to the European structures and organizations which promote their institutional and socio-economic development, in order to accomplish projects of mutual interest, in accordance with the international agreements to which Romania is a party.

ART.4.The objectives mentioned under Article 3 are achieved through programmes that are financed from the National Fund for Regional Development and from the Regional Development Fund, which are set up in accordance with the provisions of the present law.

CHAPTER II

Development Regions

ART. 5.(1) In order to apply the present law in accordance with the economic and social cohesion objectives of Romania and of the European Union in the field of regional development policies, on the Romanian territory are organized 8 development regions.

(2) The development regions are not territorial-administrative units and have no legal status.

(3) The development regions as well as their constituent parts are provided in the annex which is integral part of the present law.

ART.6.(1) The development regions are the areas that comprise the territories of the counties in cause, respectively of Bucharest Municipality, that are set up upon conventions concluded between the representatives of the county councils, and, pending on the case, of General Council of the Bucharest Municipality, and which operate based on provisions of the law herein.

(2) The development regions represent the framework for the elaboration, implementation and evaluation of the regional development policy, and for collecting the specific statistical data according to European regulations issued by EUROSTAT for NUTS 2 level territorial classification available in the European Union.

(3) The regions, counties and/or localities in counties of different regions could get associated in order to carry out joint interest objectives, both inter-regional and/or inter-county.

CHAPTER III

Territorial Structures for Regional Development

ART.7.(1) The Regional Development Board is the deliberative regional body, without legal personality, which is established and operates on partnership principles, at the level of each region, in order to co-ordinate the activities of elaboration and of monitoring resulting from the regional development policies.

(2) In accordance with the regional policy objectives, the Regional Development Board shall have the main attributions as follows:

- a) analyses and approves the regional development strategy and programmes;
- b) supports the elaboration in partnership of the National Development Plan;
- c) approves the regional development projects, selected at regional level in accordance with the criteria, priorities and the methodology elaborated by the national institution with attributions in the field of regional development together with the specialised regional bodies;
- d) submits to the National Board for Regional Development for approval of financing, the proposed portfolio of projects for which is applied a national level procedure of selection;

- e) approves the criteria, priorities, allocation and destinations of the Regional Development Fund resources;
- f) presents to the National Board for Regional Development proposals regarding the allocation of resources to the Regional Development Fund;
- g) monitors the use of funds allocated through the National Fund of Regional Development;
- h) submits for the approval of the National Board for Regional Development the amount of annual contributions, within the limit of amounts approved through counties and Bucharest Municipality budgets, pending on the case, contributions that are allocated for the Regional Development Fund to finance the objectives of regional policy, as well as the destination and payment instalments of these;
- i) attracts other local and regional financial contributions in order to achieve the regional objectives; these sources are constituted as incomes to the Regional Development Fund;
- j) approves the quarterly reports of activities made by the Regional Development Agencies (RDAs);
- k) co-ordinates and supports the development of regional partnerships;
- l) elaborates and approves its own regulation of functioning in compliance with the framework regulation of organisation and functioning of the Regional Development Boards;
- m) endorses the contracts, conventions, agreements, protocols and other similar documents concluded by the Regional Development Agency in its specific field of activities with third parties, including with similar institutions of the European Union, and informs accordingly the National Board for Regional Development;
- n) approves the Regional Development Agency's statute of organisation and functioning as well as its organizational chart;
- o) co-ordinates the awareness and promotion campaigns at regional level regarding the regional development policies and objectives, the regional

programmes funded by the European Union and regarding the use of funds at region level, ensuring transparency and correct, quick and timely information of citizen, in particular of entrepreneurs.

(3) The amounts representing the financial contribution of the county councils and respectively of the General Council of Bucharest Municipality, pending on the case, as provide by the present law, shall be foreseen in the own annual budgets of these institutions, under a distinct position called “Regional development and promotion”.

(4) Within 60 days from the date of receiving the notification concerning the amounts of the annual contribution established according to art.7, para (2) let. h) of the present law, the County Councils, respectively the General Council of Bucharest Municipality, pending on the case, shall adopt decisions in order to fully apply the Regional Development Boards decisions,

(5) The annual contributions, as established, are quarterly paid to the Regional Development Fund managed by the RDAs;

(6) The Regional Development Board shall be made up of the presidents of the county councils and, one representative for each category of municipal, town and village local councils from each county of the region; in the case of Bucharest-Ilfov development region, the Regional Development Board is made up of the President of Ilfov county council, of the general mayor of Bucharest Municipality, of one representative from each local sector council and of representatives of Ilfov local county councils, in equal number with the representatives of Bucharest local sector councils.

(7) The Regional Development Board shall elect a president and a vice-president that can not be representatives of the same county; these positions are filled by turn for one year term by the presidents of the county councils

(8) Pending on the issues to be discussed, and without voting rights, the prefects of the counties, the representatives of the local, municipality, town and commune councils, the representatives of institutions and organizations with attributions in the field of regional development, the representatives of civil society and socio-economic relevant partners could attend the meetings of the Regional Development Boards.

Art.8.(1) In each development region is functioning one Regional Development Agency, which is a non-governmental and non-profit body, of public utility, with legal personality, operating in the field of regional development. These Regional Development Agencies are organized and operate in accordance with the present law and according to their own status of organization and functioning, approved by the Regional Development Board.

(2) Changing the headquarter address of the Regional Development Agency within the same town is approved by the Regional Development Board upon the proposal of Regional Development Agency director; changing of Regional Development Agency headquarter address into another locality as well as changing the name of the region and/or the name of the Regional Development Agency could be done only with the approval of the National Board for Regional Development.

(3) In each county of a development region, excluding the one the Regional Development Agency headquarter is located, is functioning one local office of the Regional Development Agency

(4) The county councils provide adequate offices and space for the Regional Development Agency's headquarters as well as for their offices in the counties where the headquarters of RDAs are located or RDAs are operating.

(5) The co-ordination of the Regional Development Agencies' activities regarding the implementation of regional development policies and of their objectives are fulfilled by the national institution having regional development attributions and responsibilities.

(6) The director of the Regional Development Agency is appointed on competition basis and is dismissed by the Regional Development Board

(7) In drafting the organizational chart of the Regional Development Agency, the director will apply the principles of clear definition and separation of functions, attributions and competencies.

(8) In each Regional Development Agency shall be set up an internal audit unit subordinated to the director of the Agency and which has the purpose of :

- a) objective assurance and support, in order to improve the systems and activities of the Regional Development Agency;

- b) supporting the fulfilment by the Regional Development Agency of its objectives, through a systematic and methodical approach in order to evaluate and improve the effectiveness of the management systems based on the risk management, control and administration processes.
- (9) The institutional and administrative capacity of Regional Development Agencies, in terms of achieving these activities as well as the attributions delegated by the national institution(s) are checked through the internal audit units of each national authorities for management and administration of the relevant programme.
- (10) For the implementation of regional development programmes, the national institution with attributions in the field of regional development and, pending on the case, the national institutions which implement national programmes on regional level through the Regional Development Agencies, as well as any other national institutions, which delegate them on a contractual basis attributions, foresee, on priority basis, amounts in their budget, under a distinct position called “Technical Assistance for the implementation of regional development programmes”.
- (11) The amounts financing the activities contracted with the Regional Development Agencies are agreed upon by the parties, within the limits of state budget allocations for this purpose, or, pending on the case, of the programs negotiated with EU.
- (12) The transfer of these amounts to the Regional Development Agency is done according to the contract clauses concluded by the parties.
- (13) The transferred amounts are used by the Regional Development Agencies, exclusively for the achievement of activities foreseen in the contract.

ART.9. The Regional Development Agency has the following main attributions:

- a) elaborates and submits for approval to the Regional Development Board the regional development strategy, the regional development Plan, the regional development programmes and the planning of the management of the funds;

- b) ensures the implementation of regional development programs and the planning of the management of the funds according to the decisions adopted by the Regional Development Board, in compliance with the legislation in force, and is responsible for their achievement;
- c) submits requests to the national institution with attributions in the field of regional development, for amounts from the National Fund for Regional Development to finance the approved development projects;
- d) acts together with the Regional Development Board to attract resources in order to carry out their attributions;
- e) provides technical and financial management of the Regional Development Fund in order to achieve the objectives foreseen by the regional development programmes;
- f) is accountable to the Regional Development Board and to the national institution(s) with which it concluded contracts as well as to the bodies authorized by law, for the accurate management of the allocated funds;
- g) submits for approval to the Regional Development Board the projects selected within the regional development programs on the basis of priorities, criteria and methodology elaborated by the national institution responsible with regional development altogether with the regional specialised bodies; for the tenders organised in each development region, the projects approved by the Regional Development Board shall be submitted for endorsement to the National Board for Regional Development; for the tenders of projects organised at the national level, the selected projects will be endorsed by the Regional Development Board and approved by the National Board for Regional Development;
- h) based on the contracts concluded with the national institutions, provides and is responsible, for the implementation, technical and financial monitoring and control of the implementation of projects financed by the European Union within the regional development programs, and/or pending on the case, of projects within national programmes, which are implemented at the regional level through the Regional Development Agency; for attributions delegated to Regional Development Agencies by central institutions or by local public administration, the monitoring and the control of such activities are carried out by the institution that delegated these attributions;

- i) elaborates the quarterly reports and the Annual Implementation Report regarding the activities carried out according to the contracts concluded with the national institution with attributions in the field of regional development;
- j) emphasises the current stage, the difficulties in implementation and the impact of regional development programmes/projects, and proposes measures for improvement; the reports are approved beforehand by the Regional Development Board and are delivered to the national institution with attributions in the field of regional development;
- k) carries out and provides at regional level and on a contractual basis, awareness campaigns /publicity regarding the regional development programs and projects;
- l) organizes and develops with the support and under the co-ordination of the Regional Development Board, the regional partnerships, and disseminates at regional level the European Union policies and practices as well as the principles of regional development policy;
- m) identifies and promotes in partnership, projects of local and regional interest, and inter-regional co-operation projects; promotes with the support of the Regional Development Board the region and the foreign investments; develops collaboration with similar European Union bodies and institutions and participates in international projects of regional and local interest;
- n) elaborates the annual proposals of its own budgets designated for carrying out the activities mentioned by the present law, and submits them for approval to the Regional Development Board;
- o) provides, through its own internal audit unit, subordinated to the director of the agency, the performance of an independent and objective audit activity aiming at assuring and supporting the management of the Regional Development Agency in achieving good administration of incomes and costs, in improving the activities of the agency, in achieving its objectives through a systematic and methodical approach based on risk analysis, on analysis of the management and control systems and of the administration processes designated to evaluate and to improve the efficiency and the effectiveness;

- p) concludes and submits for endorsement to the Regional Development Board the contracts, conventions, agreements and protocols, and other similar documents concluded with third parties in their specific area, including with similar European Union institutions;
- q) fulfils the contractual obligations and is responsible for achieving them according to the criteria and performance indicators established in the contracts;
- r) provides, through a specialized staff the secretariat to the Regional Development Board
- s) participates in the partnership structures established at national level, in national committees and sub-committees as well as in the working groups set up by the national institutions in charge with the European Union funded programs management and administration;
- t) elaborates its own status of functioning and organization and submits it for approval to the Regional Development Board;
- u) fulfils the attributions concerning the elaboration in partnership of the National Development Plan;
- v) provides, together with specialised regional bodies, the collection and centralisation of data at regional level, regarding the use of non-reimbursable funds allocated to the region to implement the regional development programs.

ART.10. (1) The regional development programmes and the Regional Development Agencies' operating costs, are funded by the Regional Development Fund, which is constituted of:

- a) allocations from the National Fund for Regional Development;
- b) contributions from county budgets or, pending on the case, from Bucharest Municipality budgets, within the limits approved for this destination by these budgets;

c) financial sources attracted from the private sector, banks, foreign investors, the European Union and other international organizations.

(2) For the management and implementation of the regional development programs as well as for adequate achievement of the delegated tasks by the national institution responsible for regional development, the funding is based upon contracts negotiated and concluded for the technical and financial management of the regional development programmes;

(3) For the implementation of the national programs through the Regional Development Agencies and/or for the fulfilment of tasks delegated to the Regional Development Agencies by the national institutions, the funding is based upon contracts negotiated and concluded with that relevant institutions for the implementation of the national programmes;

(4) The financial operations regarding the implementation of programmes and/or projects financed by public funds will be operated by the Regional Development Agencies through the territorial units of the State's treasury.

(5) The Regional Development Fund shall have only the destination settled by the present law;

(6) The funds that have not been spent by the end of the financial exercise shall be reported to the subsequent year and shall have the same destination.

CHAPTER IV.

National Structures for Regional Development

ART.11. - (1) The National Board for Regional Development is a national partnership based structure having decisional role decisions over the design and implementation of regional development policy objectives.

(2) The president of the National Board for Regional Development is the head of the national institution with attributions in regional development; the president could delegate this function

(3) The National Board for Regional Development is made up of the Presidents and Vice-presidents of the Regional Development Boards and, in equal number, representatives of the Government appointed by governmental decision, including the president

(5) The replacement of one of the National Board for Regional Development members will be notified in due time to the institution chairing the National Board for Regional Development.

Art.12. The National Board for Regional Development has the following tasks:

- a) endorses the policies and the national strategy for regional development, and the National Development Plan which contains the priorities and multi-annual funded measures of the national objectives of economic and social cohesion;
- b) approves the criteria and priorities regarding the utilisation of the National Fund for Regional Development;
- c) submits for approval to the Government priority programmes financed by the National Fund for Regional Development;
- d) on the basis of monitoring reports elaborated and delivered by the Regional Development Boards, analyses the use of the funds allocated to RDAs from the National Fund for Regional Development
- e) proposes how to use the pre-accession funds for regional development allocated to Romania by the European Union during pre-accession;
- f) follows up the achievement of regional development objectives, including those within external cooperation activities of the development regions, such as cross-border, inter-regional, and of Euro-regions;
- g) in case of tenders of projects organised at regional level, approves the projects proposed by RDAs and approved by the Regional Development Boards for funding out of the regional development programs;
- h) in case of tenders of projects organised at national level, approves the projects proposed by RDAs and approved by the Regional Development Boards for funding out of the regional development programs;

- i) analyzes and approves the reports of activity submitted by the National Steering Committee for Coordination of PHARE Programs – Economic and Social Cohesion set up upon PHARE Financial Memorandum - as well as the proposals of this Committee;

Art.13. (1) The Ministry of European Integration, a specialized body of the central public administration, subordinated to the Government, is the national institution with attributions and responsibility of designing, promoting, coordinating, managing, implementing and monitoring the regional development policies and strategies in Romania as well as economic and social cohesion policy.

(2) The Ministry of European Integration provides the secretariat for the National Board for Regional Development.

Art.14. (1) The funding of multi-annual regional development programs is performed from the National Fund for Regional Development, which is formed by the amounts annually allocated from the state budget as distinct position for the regional development policy.

(2) The National Fund for Regional Development administrated by the Ministry of European Integration is managed through separate accounts opened with the State Treasury.

(3) The National Fund for Regional Development has the following funding sources:

- a) allocations from the state budget that are foreseen in a distinct position and are allocated through Government decision for regional development programs funded only from the state budget;
- b) non-reimbursable financial assistance from governments, international organizations, banks;

(4) The funds that have not been spent at the end of the financing exercise shall be transferred with the same destination to the budget of the subsequent year.

(5) For funding technical assistance needed to select and to monitor the regional development programmes and projects financed exclusively from the state budget, the national institution having attributions in technical and

financial management of these programmes shall allocate a certain percentage from the budget of that particular programmes and projects.

Art.15. (1) The National Institute of Statistics collects from the development regions the specific statistical data needed to support and to monitor the regional development policies.

(2) The Regional Development Agencies collaborate with the Regional Directions of Statistics, which shall send them on a monthly basis and free of charge, the specific statistical data necessary to support and to monitor the regional development policies.

Art.16. The use for other destinations than the ones for which the funds have been allocated from the National Fund for Regional Development for regional development projects and, pending on the case, from the Regional Development Fund, including the amounts from the budgets of national and local institutions that are financing the RDAs activities according to the provisions of the present law are ascertained and penalized, under legal terms, by authorized control bodies.

Art.17. (1). Within 30 days from the publication of the present law the Government approve through a Government Decision the framework regulation of organization and functioning of the Regional Development Boards.

(2) Within 60 days of the publication of the framework regulation foreseen at paragraph (1), the Regional Development Boards shall elaborate and approve their own regulations of organisation and functioning.

Art.18. The regulations of organisation and functioning of the Regional Development Boards shall be published in the Official Gazette of Romania, Part I.

Art.19. The regulation of organisation and functioning of the Regional Development Boards shall be approved by Government decision.

Art.20. Within 60 days since the entering into force of the present law, the Regional Development Agencies shall modify accordingly their status of organization and function and shall submit them for approval to the National Development Boards.

Art.21. (1) The Regional Development Agency's director shall establish the necessary measures to be in compliance with the legal regulations in force regarding the independency of the internal auditors which perform their activity within each RDA; the RDA directors cannot delegate this function to other staff; the RDA's internal auditors perform their activity according to the national legislation approximated with the international standards in the field of internal audit.

(2) The internal audit structure as well as the auditors can be involved in no of the management, control or executive activities of the RDA.

Art.22. (1) The RDA decision - making staff cannot be involved in, or perform activities that constitutes a conflict of interest with their job description and can not be associated and hold shares in a commercial company, which benefits from any financial support or other services provided by the agencies; irrespective of the position within the agency, in all of the situations, the RDA's staff is bound to respect the normative acts in force regarding the conflict of interests.

(2) The RDA staff, including the staff in the county offices, irrespective of their position, cannot perform activities within the RDA and can not be appointed or reconfirmed in decision making positions if they suffered definitive penal convict

Art.23. The present law enters into force within 60 days from its publication in the Official Gazette of Romania, Part I.

Art.24. On the date of coming into force of this law, the Law 151/1998 on regional development in Romania, published in the Official Gazette of Romania, part.1, no.256, Jul.16, 1998, with further modifications and completions, including any other contrary dispositions are abrogated.

This Law was adopted by the Romanian Parliament, in compliance with the provisions of art 75 and art 76, paragraph (2) of the Romanian Constitution, republished.

**PRESIDENT of CHAMBER OF DEPUTIES
VALER DORNEANU**

**PRESIDENT of SENAT
NICOLAE VĂCĂROIU**