

III OBSERVATORY

«NEW TENDENCIES OF FEDERALISM IN EUROPE»

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New Trends in Hungary, Poland, and Romania to Decentralization?

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The wider region

CEE or **CEEC** are former communist countries in Europe after the collapse of the communist regimes in 1989 including the Baltic States and the successor states of Yugoslavia 18 states of which 11 are MS of the EU (EE, LV, LT, PL, *DE*, CZ, SK, HU, RO, BG, SI,) 1 is joining 2013 (HR)

Kosovo Albania Montenegro Macedonia

Bosnia-Herzegovina is a federal republic by external force (*Dayton 1995*)
Serbia, (after the secession of Kosovo 2008) is composed of central (*-ised*) Serbia and the Autonomous Province Vojvodina (26% of population, 27% of territory)

Belarus, Ukraine, Moldova, and Russia are out of area (CIS)



Three EU MS picked

differ significantly in their performance concerning economy, governance, reform (transformation)

Poland (HDI 39, BTI 6; BTI^P 8; BTI^E 6)

➤ Hungary (HDI 38, BTI 12; BTI^P 17; BTI^E 11)

➤ Romania (HDI 50, BTI 16; BTI^P14; BTI^E 19)



Poland

Introduction of a new 3 level territorial organization, 1999

16 (49) Voivodeships (Województwa) NUTS 2 level

379 Counties (Powiaty)

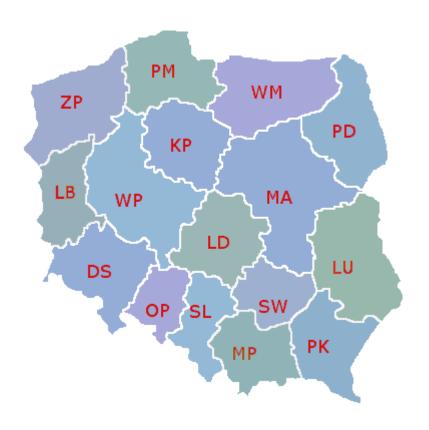
NUTS 4 level

2,479 Municipalities (Gminy)

NUTS 1: 6 Regions (Regiony)

NUTS 3: 66 Subregions (Podregiony)

Voivodeships of Poland





Voivodeships: bipolar structure

Voivode, appointed by the Prime Minister, acts as the head of central government institutions at regional level, manages central government property in the region, oversees the functioning of local government, coordination (public safety and environment protection) special powers in emergencies.

<u>Sejmik</u>, Sejmik (*little Sejm*) is elected every four years (with powiat and gmina). Bylaws on development strategies, (higher) education and budget. Elects the **marszałek** and executive (accountable to Sejmik).

Marszałek, (head of executive, zarząd województwa), drafts the budget, development strategies, implements the resolutions of the sejmik, manages the voivodeship's property, regional policy, including European Union funding.

Bipolar (dual) system

Potentially a strong regional system

- Labeled (so far) by struggle of power (Voidod/Marshall)
- Enforced by Party Politics, Voivod as regional agent of national ruling party
- Central Government (Ministries) play key role to balance power, avoid Antagonism



Fiscal decentralisation

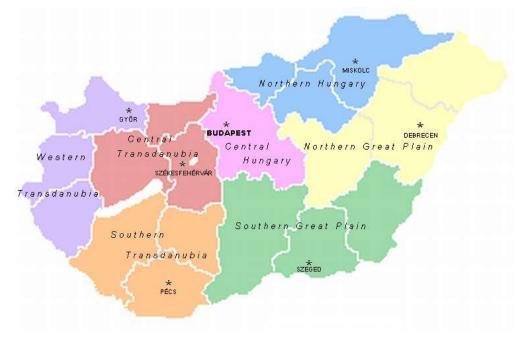
The V. budget is made of

- > own revenews, a share on income tax (1,5% individuals, 0,5% companies), penalties, fines, intrest rates, etc.
- > earmarked and general subsidies from central state



Hungary

New law on selfadministration to come 2013 ending a 20 year political deadlock and a dysfunctional system





3 pillars of the new regulation

- New allocation of tasks and competences between home-rule and central state
- New fiscal system
- New structure, re-invention of counties (járás)



New allocation of tasks and competences

- Limititaion of taks to the actual community level
- A number of tasks have been taken over by the central state (emergency, education above Kindergarten etc.)
- Counties (megye) loose all competences for services, reduced to a planing unit



New structure

- 19 counties (megye)
- 168 (2013) new districts (járás) will be the main level of services
- 3.154 municipalities (90% below 5000 inhab.). Municipalites below 2000 inhab have to merge
- Newly constructed Government offices (kormányhivatal) with control competences over municipalities
- New incompatibility rules, mayors must not be head of counties or national MPs.



Fiscal system

OLD

- Overloaded with competences

municipalities

Fragmented small

 Shaky uncertain finances from the centre.

high (foreign) debt among municipalities (€ 3,5 bn)

New

- Reduced tasks
- Garanteed national subsidies
- Limited taxation rights



Viitoarea reorganizare teritoriala a Romaniei





Regions and Judete in Romania

 $http://www.celendo.ro/HartiJudete/EuroZoneleRomaniei_Celendo.jpg$



Romania

Since 1991 RO has

- 2.856 Municipalites (comune)
- 320 Cities (orașe)

• 42 Counties (judete)



Level 1 and 2 have different, conflicting election modi resulting in a deadlock



Judete

Prefect

Nominated by government Supervison and control Head of the decentral governmental services

Political agent of the government
Politicised relations and blockade

Council and **President** Elected, four years term

Unclear overlapping (exclusive, delegated and joined) competences 1st and 2nd level

Control of transfer payments to 2nd level

Politicised relations and blockade



(Planning-) Regions

Since 204 in a top-down approach 8 *planning* and *development* **regions** have been installed with a legal position.

Regional development **agency** and regional development **council**

advising level 1 & 2 embedded in a national development council.

RDC is key player in distributing regional funds Regions do not match with historical regions Often dysfunctional



New Tendencies to Decentralization?

Poland

Central state with approaches to enforce self-administrative level hand down competences (higher education), tarnsfer of competences from voivod to marshall

Hungary

New constituion and new law (sef-administraion) re-nationalisation of competences weaken rural areas; Potentially more cost efficient

Romania

Central state with an externaly driven democratisation and "regionalistaion". Reforms have blocked by shaky political system and widespread corruption



Touchstone EU regional funding

Poland

Contracted ratio 53% payment ratio 16% 2010 (81% Nov.2012)

Hungary

Contracted ratio 51% payment ratio 16% 2010 (2012 ?)

Romania

Contracted ratio 45% payment ratio 7% 2010 (7.4% June.2012)

RO has retrieved € 1.4 bn or 7.4% of EU funding available

Operational EU programs on transport, regional development, competitiveness and environment blocked Human Resources reduced by 25%



Decentralisation driven by EU Policy / National Policies

Poland

Hungary

Romania

Sub-national Structural reform 1999

Sub-national Structural reform 2013

Sub-national Structural reform 1998/2003/04

- A) Preparation of EU Accession
- B) Governance and development improvement

- A) Re-Centralisation
- B) Governance and Development improvement

- A) Preparation of EU Accession
- B) Insufficient national backing (formal regionalisation)