

## **Collaborative Regulation Case Study for the Romania: Unlocking Romania's Potential for Digital Transformation and G5 Regulation**

As part of its efforts to measure the impact and benefits of G5 collaborative regulation, ITU has launched a series of Collaborative Regulation Country Case Studies. Presented during GSR-21, the case studies capture and highlight diverse experiences, and explore different policy and regulatory patterns, with a focus on developing a better understanding of the role and impact of collaboration and collaborative governance. Taken together, the library of case studies further aims to contribute to a shared body of knowledge and enriched understanding of collaborative regulation to empower all countries, no matter where they are in their journey towards G5 regulation.

The main objectives of this case study are two-fold: i) to analyse Romania's current institutional and regulatory framework in order to understand how it reflects the principles and nature of collaborative regulation; and ii) to highlight areas of strength and possible improvements in relation to Romania's progression towards digital transformation and G5 collaborative regulation.

### **Accelerating Romania's digital economy in the aftermath of COVID-19**

After recovering from the worldwide financial crisis of 2008, Romania demonstrated stable economic growth for almost a decade, and expanded its economy by 3.9 per cent annually from 2011 to 2019. The global pandemic of 2020, however, pushed the country into recession, with the economy contracting by 3.9 per cent. Post-COVID-19, Romania finds itself in an advantageous position, having extensive high-quality digital infrastructure – including one of the highest penetration rates for ultra-fast broadband – and access to significant EU funds. Combined, these elements constitute an opportunity for the country to recover quickly from the pandemic crisis, and, importantly, to accelerate the growth of its digital economy. According to estimates, the digital economy in Romania could grow to represent 20 per cent by 2025, becoming a driving force and cross-cutting pillar for socio-economic development.

Research across eight international rankings of where countries stand on their digital transformation pathway reveals the following about Romania:

- ICT infrastructure is Romania's main strength and is usually highly ranked – demonstrating adequate availability, accessibility and affordability of broadband connectivity;
- Main indicators *that lower Romania's position* in comparison to other countries include: 1) lack of political stability and long-term vision in governmental decisions; 2) insufficient innovation capacity and an immature innovation ecosystem (for example reflected in levels of R&D expenditure and slower growth of innovative companies); 3) mismatch of skills of current workforce; 4) lack of trust in digital technologies (for example low level use of online banking); and 5) lack of trust in collaboration and partnership (for example the shortage of public-private partnerships, university-industry cooperation).

Romania is currently situated in the G4 regulation category. Research from the case study finds that while much is in place to support a collaborative approach and digitalization of its economy, a number of missing elements prevent their realization.

### **Changing national political landscape**

The changing national political landscape has had an impact on the adoption – or not – of strategies, policies and regulations over the past few years. The institutions most affected by these multiple changes were the Ministry responsible for ICT and digital policy-making and the Digitalization Authority of Romania. These changes have resulted in a lack of clarity on leadership with regard to digital transformation. Clear understanding of these core national institutions' mandates is needed to establish fruitful collaboration.

### **Holistic and comprehensive strategy for digital transformation needed**

Romania's ICT vision is set out across three important documents – the National Strategy on the Digital Agenda for Romania 2020, the National Plan for Next Generation Network infrastructure development, and the National Strategy for the Implementation of 5G.

According to Romanian Government estimates, the full implementation of the Digital Agenda for Romania 2020 was expected to generate a total investment of around EUR 2.4 billion until 2020, a significant increase in the country's GDP and employment opportunities, and a decrease in administration costs. Objectives of the Digital Agenda were to be reached by 2020. The degree to which Romania has met its goals is unknown; some indicators may be tracked in general statistics, but no comprehensive report, evaluation or interim implementation reports are available.

The case study has found that various elements of digital transformation are addressed in national policies and strategies, and a collaborative approach is being used by the institutions in the preparation process of these documents (consultations, discussions, interactions with different stakeholders is a part of it). The most important missing element however, is the lack of adequate monitoring as to how these strategies are being implemented. A *holistic and comprehensive strategy for digital transformation*, potentially replacing the Digital Agenda 2020 for Romania, which could address this monitoring challenge, has not yet been formulated.

### **Strengthening inter-agency cooperation and collaboration**

Informal collaboration is established between ANCOM (an independent, regulatory authority for the electronic communications and postal sectors in Romania), and the CERT-RO (the Romanian National Cybersecurity and Incident Response Team), the Financial Supervisory Authority, the National Authority for Energy Regulations, and the National Data Protection Authority, as well as with other ministries, mainly on an ad hoc basis. Even if formal agreements are not in place, basic collaboration between institutions is guaranteed by national legislation, and it is normal practice across institutions to maintain informal collaboration with different administrations. The intensity of such collaboration varies depending on the dynamics in the different domains: institutions that have responsibilities in rapidly changing sectors will collaborate more than those where activities are more settled.

### **Collaboration with the private sector**

The concept of collaborative regulation encompasses not only inter-agency collaboration, but additional stakeholders, like academia, end-user associations, NGOs and the private sector. The involvement of the private sector is particularly important as the country's economic development largely depends on alignment and a shared vision across state administrations and the private sector. Collaboration with the private sector is embedded in the legal framework of Romania. The base for making progress exists in that some tools for engagement with private partners are already in place: Regulatory Impact Assessment and public consultations.

### **G5 regulation and digital transformation: Six key steps to unlock Romania's potential**

Analysis of the institutional framework, policy formation and regulatory practices has identified the main focus areas where opportunity exists to strengthen digital transformation. Six targeted steps have been identified that will help Romania make progress in its journey towards collaborative regulation:

- i. Increased breadth and depth of inter-agency collaboration on regulation to make it more holistic;
- ii. Increased quality of reporting and quantity of open data;
- iii. Encouragement of digital skills, innovation and entrepreneurship;
- iv. Simplification of administrative procedures;
- v. Building trust by creating engaging dialogues;
- vi. Setting out a regulatory strategy for digital.