THE FINANCIAL AUTONOMY OF LOCAL AUTHORITIES IN ROMANIA: CHALLENGES AND SOLUTIONS FOR EFFICIENT GOVERNANCE

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Abstract
The financial autonomy of local authorities is a cornerstone of democratic governance and the sustainable development of communities. The ability of administrative-territorial units to manage their own financial resources, attract external funding, and make decisions tailored to the specific needs of their citizens forms the foundation of efficient local administration. However, in the current context in Romania, this principle is often undermined by excessive dependence on transfers from the central budget, economic disparities between regions, and legislation that insufficiently encourages local initiative.
The purpose of this article is to examine the current state of financial autonomy of local authorities in Romania, identifying the main challenges they face and proposing practical solutions to strengthen it. Without genuine financial autonomy, local authorities cannot deliver quality public services, invest in development, or promptly respond to the needs of their citizen
Keywords: *local autonomy, financial autonomy, local council, administrative law*

Introduction

Equitable economic development across the regions of Romania is strongly influenced by the way financial resources are distributed and by the degree of freedom that local administrations have in making financial decisions. Therefore, this subject is not only technical but also one of social justice and responsibility towards local communities.

Moreover, in a European context where subsidiarity and decentralization are fundamental principles, Romania must also strengthen practices to ensure regional competitiveness and cohesion.

This analysis aims to provide a clear and well-documented perspective on the financial autonomy of local authorities in Romania, in an effort to highlight its importance and stimulate a constructive dialogue between authorities, experts, and citizens.

1. Legal Framework and the Concept of Financial Autonomy

The financial autonomy of local authorities is regulated by a set of constitutional and legislative provisions that establish the rights and responsibilities of local public administrations in managing financial resources. The Constitution of Romania guarantees the principle of local autonomy in Article 120, which states that it is based on decentralization, local eligibility, and citizen consultation. Additionally, the administrative code outlines the legal framework for the functioning of territorial administrative units and the use of their own financial resources. Financial autonomy represents the right of local public authorities to have sufficient financial resources and the power to independently decide, under their own responsibility and within the limits of the law, on the level of local taxes and fees, as well as their own financial policies. [1]

According to current legislation, local authorities have the right to establish and manage their own budgets, with revenues from local taxes and fees, and funds transferred from the state budget. Upon reviewing the current regulations, we find numerous limitations that, in practice, reduce the degree of financial autonomy. For example, the share of own revenues in local budgets is small, with many communities relying almost exclusively on balancing transfers or other allocations from the central government.

Another important aspect in the discussion of financial autonomy is the principle of subsidiarity, which is enshrined both in national legislation and in the treaties of the European Union. This principle stipulates that decisions should be made at the closest level to the citizen, and local authorities should have adequate resources to exercise their competences. Unfortunately, in Romania, the implementation of this principle remains inadequate, with many of the responsibilities transferred to the local level not accompanied by the necessary financial resources.

Thus, the current legal framework allows for a certain degree of financial autonomy but at the same time significantly limits the capacity of local authorities to plan and implement financial policies adapted to the needs of their communities. A revision of these provisions and their adaptation to current economic realities could significantly contribute to increasing financial autonomy and, implicitly, to the sustainable development of localities in Romania.

2. The Current State of Financial Autonomy of Local Authorities: A Legal Perspective

The current situation of financial autonomy of local authorities in Romania highlights a low level of financial independence in relation to the central budget. Many territorial administrative units face difficulties in generating their own revenues, and the distribution of financial resources from the state budget is often influenced by political factors rather than objective criteria.

At present, the revenues of local authorities mainly come from three categories of sources:

a. **Own revenues:** These include property taxes, local taxes, revenues from concessions or rents, and other local taxes. However, their share in local budgets is limited, and the capacity of administrations to collect them is constrained.

b. **Transfers from the central budget:** Budget allocations are the most important source of funding for most localities, especially in rural areas. These transfers include balancing funds and other special allocations, but dependence on them reduces the decision-making autonomy of local authorities.

c. **European funds:** Accessing European funds represents an important development opportunity, but it involves significant challenges, such as the complexity of access procedures and the limited administrative capacity of some local authorities.

The situation described reflects a well-known reality in the Romanian administrative system, where the budget allocations transferred from the central government to local authorities represent a key pillar of public financing, especially for less developed localities. This high dependence on budget transfers has significant legal and administrative implications, regulated by several relevant legal acts:

First, the Constitution of Romania (Art. 120-122) – the fundamental law establishes the basic principles of local public administration: decentralization, local autonomy, and deconcentration of public services [2], with local autonomy defined in Article 120, para. (1) as the right of local authorities to decide, within the law, regarding the management of public resources and solving the problems of communities.

The problem arises from limiting the definition to only the general framework. In practice, the dependence on budget allocations limits local autonomy de facto, as financial decisions are conditioned by policies and criteria established at the central level. It is true that it remains the task of the primary legislator to establish the general legal framework for effectively implementing the principles set out by the constituent, but the way in which this is done is far from sufficient. Thus, we find in the Public Finance Law [3] for Local Authorities the financing methods for territorial administrative units (UATs). The law stipulates that local budgets are formed from own revenues (OE), shares from income tax, and transfers from the state budget [4], with the clarification that transfers from the state budget include amounts from VAT for balancing local budgets, as well as other special allocations for projects or investments.

Moreover, transfers from the state budget are of two types: conditional transfers (TC) – funds received by local authorities that can only be used for the purpose prescribed by the provider, typically the central government, and unconditional transfers (TN) – funds received with no spending conditions, such as money for "balancing" between municipalities or counties, intended to compensate for the economic power differences between UATs and ensure some territorial cohesion, an important principle in Europe.

Unfortunately, dependence on these transfers reduces the decision-making power of local authorities, as own resources (taxes, local fees) are insufficient to cover budgetary needs. Furthermore, there can be situations with equivalent budgets but with very different weights regarding their autonomy of spending. If, for example, a budget of 1 million euros has the proportions of OE/TC/TN in one case as 30/30/40 and in another case as 5/20/75, the financial autonomy of the UAT is totally different.

In fact, the Local Public Finance Law seeks to regulate the principle of local financial autonomy with the declared aim of increasing the financial autonomy of local communities, but, as stated in the doctrine [5], the reality is far from the legislator's intent.

A regulation at the primary legislative level regarding local autonomy is found in the Administrative Code [6], which, from the outset, establishes the principles according to which local public administration is organized and operates, further specifying that local autonomy includes the ability of local authorities to manage financial resources in the interest of communities [7]. Thus, Article 8 provides that local authorities' financial resources must be sufficient to enable them to exercise the competences assigned by law. [8]

In practice, many localities, especially rural ones, lack sufficient own revenues, which makes their autonomy more formal than effective.

Romania, as a member state of the Council of Europe, has committed, by ratifying the European Charter of Local Self-Government [9], to respect the fundamental principles of local autonomy. This Charter is an essential document for European democracy [10], as it sets the standards that signatory states must follow to ensure that local authorities have the resources and freedoms necessary to fulfill their responsibilities.

The Charter emphasizes that the financial resources of local authorities must be proportionate to the competences assigned. In other words, any responsibility imposed on a mayor's office or local council must be accompanied by sufficient financial means to manage it effectively [11]. This principle not only supports decision-making autonomy but also provides the necessary framework for local authorities to exercise their mandate in the interest of citizens.

In Romania, however, the financial reality of local communities sharply contrasts with this ideal. While budget transfers – in the form of balancing funds or special allocations – are intended to help less developed localities, they do not solve the core problem: the lack of sufficient own revenue sources. Thus, many communes and towns in the country end up almost entirely dependent on these centrally allocated funds, which severely limits their ability to make autonomous decisions.

This dependence creates not only a financial imbalance but also a political vulnerability. Small localities, which cannot generate significant own revenues, become dependent on the goodwill of the central government, and fund allocations may be influenced by political considerations rather than objective needs. In this context, the principle of proportionality between competences and resources, as clearly expressed in Article 9 of the Charter, is often violated.

The consequences of this situation are directly felt by citizens. The lack of sufficient funds delays or even blocks investments in infrastructure, education, or health, and local authorities are often forced to minimize expenditures, unable to plan long-term development projects. Instead of being proactive actors in development, many local administrations are caught in a vicious cycle of dependency and underfunding.

For Romania to fully comply with the spirit and letter of the European Charter of Local Self-Government, a paradigm shift is imperative. Central authorities must ensure not only transparent and equitable financial transfers but also create mechanisms that support localities in creating and managing their own revenue sources. Only in this way can the principle of proportionality between competences and resources become a reality, and local communities will have the chance to develop freely, according to their own needs and aspirations.

The Fiscal Code [12] contains a separate chapter on local taxes and fees, which regulates the own revenue sources of local authorities, including property taxes and other fees. In practice, in rural localities, the tax base is limited due to the small number of taxpayers and the low value of properties, which makes own revenues insufficient to support the local budget. Thus, these localities become dependent on transfers from the center.

From a legal perspective, Romania has a framework that promotes the financial autonomy of local authorities, but its implementation is deficient. Dependence on budget allocations contradicts the spirit of decentralization and autonomy provided by both national legislation and international commitments [13]. To reduce this dependence and strengthen local autonomy, legislative reforms are needed that:

a. Increase the own revenues of UATs by adjusting local tax rates.

b. Implement clear and transparent criteria for budget allocations.

c. Promote regional development policies to reduce economic disparities.

Thus, local authorities could truly act autonomously, and the principles established by law would become practical realities.

3. Regional Disparities and Challenges

A critical aspect of the current situation is the inequality between Romania's regions regarding local incomes and expenditures. Large urban localities, such as county capitals, have significant financial resources, while small rural communes and towns face chronic deficits. This situation perpetuates economic and social gaps between developed and underdeveloped regions. The major challenges include:

• **Dependence on the central budget**: Most local authorities are heavily dependent on transfers from the state budget, which limits financial autonomy.

• **Reduced administrative capacity**: Many local administrations lack the human resources or expertise needed to manage available funds effectively.

• **Difficult access to external funding**: Although European funds represent a solution for increasing financial autonomy, many localities fail to access these resources due to a lack of expertise and excessive bureaucracy.

This analysis of the current situation highlights the urgent need for reforms that support local authorities in increasing their financial autonomy and reducing regional disparities.

The financial autonomy of local authorities in Romania is affected by multiple challenges that hinder efficient functioning and sustainable development of communities. Among these, we mention the unpredictability of funding – local budgets often depend on political decisions made at the central level, which creates uncertainty in planning and budget execution. Transfers from the state budget are influenced by political factors, and the allocation criteria are not always transparent or objective. This situation makes it difficult to develop long-term local development plans [14]. Another issue is the lack of financial infrastructure, as many local administrations lack advanced IT systems or qualified personnel to manage financial resources, leading to inefficient revenue collection and difficulties in optimally using available funds.

Excessive bureaucracy and centralization, along with disparities in the capacity to generate local revenues, can also be added. Economic differences between Romania's regions are reflected in local authorities' ability to collect revenues. Less developed areas struggle to attract investments and generate tax revenue, which perpetuates inequalities.

4. Solutions for Strengthening the Financial Autonomy of Local Authorities

We continue with a few proposals for strengthening the financial autonomy of local authorities in Romania, organized according to key aspects of the issue:

• Increasing the own revenues of local authorities

For local authorities in Romania to become truly financially autonomous, a series of ambitious yet essential reforms are needed to allow them to manage their resources efficiently and meet the specific needs of the communities they serve. One of the most important directions for action is the reform of the local tax and fee system [15]. Currently, this system is rigid and limiting, preventing municipalities from adapting taxation to the local economic and social context. A solution would be to allow local authorities to set flexible rates for property taxes, reflecting the specific character of each community. For example, a locality with tourism potential could impose higher rates on properties used for commercial activities, maximizing revenues without burdening ordinary citizens.

In addition to adjusting tax rates, another crucial measure is diversifying sources of own revenues.

Local communities are diverse, and their economic opportunities vary significantly. Therefore, introducing local taxes adapted to the economic realities of each area can represent a paradigm shift. For example, a tourist resort could introduce a tourism tax, which would then be invested in local infrastructure and regional promotion. In areas with significant ecological impact, a pollution tax could discourage harmful practices while generating funds for environmental protection. Localities that manage specific infrastructure, such as roads, parking lots, or sports facilities, could charge access fees, providing additional resources for maintenance and modernization.

Equally important is the need to digitalize local tax collection. In this technological age, the revenue collection process must be transparent, simple, and efficient. Implementing integrated IT platforms could revolutionize this area, reducing bureaucracy and minimizing tax evasion risks. Through these platforms, citizens could quickly check and pay taxes from anywhere, eliminating queues and redundant documentation. Additionally, digitalization would allow authorities to better track financial flows and identify potential irregularities, thus improving revenue collection.

These measures would not only provide local authorities with more financial freedom but also contribute to strengthening trust between the administration and citizens. A modern, transparent, and adaptable local tax system would transform local authorities into key actors in community development, capable of responding quickly and efficiently to challenges and opportunities.

- **Reforming the transfer system from the central budget**

This would be an essential condition for strengthening the financial autonomy of local authorities and reducing economic discrepancies between Romania's regions. In its current form, this system, although essential for balancing local budgets, is often perceived as lacking transparency and being susceptible to political influences.

Therefore, a well-thought-out reform could transform this mechanism into an equitable and efficient support tool.

A necessary first step would be to establish clear, transparent, and objective criteria for allocating balancing funds. These criteria should be based on measurable and relevant indicators such as each locality's population, average income per capita, or level of local investments. For example, a commune with a large population but low revenues should receive more support than a small, economically developed locality. This approach would eliminate the perception of political favoritism and provide local authorities with the predictability needed to plan and implement long-term projects. [16]

At the same time, it is crucial to reduce reliance on discretionary transfers, which, in their current form, allow for arbitrary allocations influenced by political or personal priorities. The solution could be the creation of an automatic fund allocation mechanism, based on the formula of established criteria, which would function independently of ad-hoc decisions by policymakers. Such a mechanism would not only ensure fairness but also reduce delays in transfers, enabling local administrations to focus on program implementation without the fear of unexpected financial interruptions.

To further support balanced regional development, the introduction of a regional development fund is necessary. This fund should be dedicated specifically to less developed communities, providing them with resources to invest in infrastructure, education, or other key areas. However, unlike traditional balancing funds, this fund should not penalize local authorities that have successfully generated higher revenues or attracted investments. Thus, a balance would be created between the need to support vulnerable communities and the recognition of the economic performance of wealthier ones.

These changes are not only necessary but urgent. A reformed budget transfer system, based on equity, transparency, and predictability, would encourage the sustainable development of all communities in Romania. Moreover, it would contribute to creating a real partnership between the central and local levels, prioritizing citizens' interests and reducing regional disparities that still hinder national progress.

- **Easier access to external funding**

One of the most important aspects of financial autonomy for local authorities is the diversification of funding sources. To fulfill their duties and contribute to community development, local administrations must have access to varied financial resources and efficient mechanisms for attracting funds. In this context, three strategic action directions are required: simplifying procedures for accessing European funds, creating public-private partnerships, and facilitating access to flexible loans.

The first measure, simplifying access to European funds, is essential for localities wishing to attract external financing for development projects. Currently, complex procedures and excessive bureaucracy discourage many local authorities from applying for these funds, and a lack of specialized human resources causes many projects to be rejected due to errors in documentation [17]. Reducing bureaucracy, combined with specialized support programs, could transform this situation. For example, creating regional assistance centers for project preparation could allow small municipalities without qualified staff to benefit from technical and legal advice, thus increasing their chances of success. In this way, European funds would become accessible to all communities, not just the more developed or experienced ones.

At the same time, public-private partnerships (PPP) can represent an innovative solution for financing infrastructure projects or providing public services. By collaborating with private investors, local authorities can carry out projects they could not otherwise afford, such as building industrial parks, hospitals, modern schools, or public transport networks. For example, a public-private partnership could facilitate the construction of a sports complex in a locality with tourism potential, where the private sector invests in the adjacent infrastructure, while local authorities handle land and utilities. Such collaborations, regulated by clear and fair contracts, could accelerate the modernization of localities and provide citizens with faster access to quality services.

Lastly, relaxing legislative constraints regarding local authority borrowing is another necessary measure to increase the financial capacity of communities. Currently, strict legal limits on local borrowing can stifle local authorities' initiatives, even when they could generate enough revenue to cover the debts. Reforming these regulations, alongside implementing fiscal accountability measures, would allow municipalities to access more flexible loans for essential investment projects. For example, a commune could take out a loan for modernizing road infrastructure, with repayment guaranteed by revenues generated from local taxes or savings made through better management.

These directions would not only diversify and stabilize the funding sources for local authorities but would also strengthen citizens' trust in their ability to manage resources. Through simplification, collaboration, and flexibility, localities in Romania could become more autonomous, dynamic, and better prepared to respond to future challenges.

- **Reducing Regional Disparities**

To reduce economic and social discrepancies between Romania's regions, it is essential to implement measures that promote balanced and sustainable development. Among these measures, three strategic directions stand out: targeted investments in disadvantaged areas, integrated development programs, and increasing cohesion between local and central authorities.

The first direction, targeted investments in disadvantaged areas, could transform lagging regions into engines of economic growth. In this regard, tax incentives for companies that choose to invest in localities with low incomes or high unemployment rates could play an essential role. For example, a company opening a factory in such an area could benefit from tax exemptions for a certain period, priority access to European funding, or local tax reductions. These measures would not only attract investments but also generate jobs, stimulate local consumption, and increase the own revenues of local authorities. Over time, disadvantaged areas could become more attractive to other investors, thus strengthening a development spiral.

On the other hand, integrated development programs are vital to ensure a coherent and effective approach to regional challenges. Instead of investing in a fragmented way, without an overall vision, these programs should include simultaneously components such as infrastructure, education, and support for SMEs. For example, a well-structured regional plan could include building a modern road network that connects isolated villages to nearby cities, modernizing schools to provide quality education to young people, and creating support centers for small and medium-sized businesses that would help stimulate local entrepreneurship.

Another essential element in this process is increasing cohesion between local and central authorities. Without effective coordination, even the best-intentioned measures risk being applied chaotically or inefficiently. The establishment of regional coordination committees, based on the best practices of other countries [18], which include representatives from both local and central administrations, could facilitate informed decision-making tailored to the real needs of communities. These committees could function as platforms for dialogue and collaboration, allowing the exchange of good practices and prioritizing projects with the greatest impact. For example, such a committee could decide that, in a particular region, resources should be prioritized for hospital rehabilitation or for the digitalization of public services, depending on local urgencies.

Through these measures, the development of disadvantaged regions would become a real priority, not just a goal stated in strategies. Well-targeted investments, integrated planning, and close cooperation between all levels of administration would ensure sustainable and equitable growth, reducing disparities and offering all citizens equal opportunities for prosperity and well-being.

• Developing Local Administrative Capacity

To support efficiency and accountability in the management of public resources, it is crucial for local authorities to have the tools and knowledge necessary to fulfill their duties. In this regard, three strategic directions could bring significant changes: professional training programs, the introduction of a performance evaluation system, and the promotion of local innovation.

The first direction, professional training programs, could transform local administrations from mere bureaucratic structures into engines of community development. In many cases, staff in local administrations face complex challenges, from managing budgets to attracting European funds, without access to the necessary training. Organizing specialized courses focused on financial management, project writing and implementation, or efficient resource use could change this situation. For example, a practical course on attracting European funds could help a municipality secure funding for the modernization of school infrastructure. Through such initiatives, local administrations would not only become more competent but also gain the trust of the community they serve.

The second measure, introducing a performance evaluation system, would promote transparency and accountability in managing public resources. This system could include clear and objective indicators, such as the degree of fund utilization, project completion rates, or citizen satisfaction levels. For example, a municipality that completes its projects on time and within the established budget could be recognized through a system of symbolic rewards, such as publishing an annual report with positive results. In contrast, authorities with poor performance could benefit from consultancy or additional support to address the identified issues. This mechanism would not only encourage more efficient management but also increase citizens' trust in local institutions.

At the same time, promoting local innovation represents an opportunity for communities to find creative solutions to their specific problems. Local authorities could be encouraged to develop and implement original initiatives that generate additional revenue or reduce costs. For example, a city could invest in a photovoltaic park to reduce electricity costs or could organize thematic fairs to attract tourists and increase local income. Funding such projects through competitive grants would encourage authorities to think "outside the box" and better respond to the community's needs.

By implementing these three measures, local administrations in Romania could become more professional, transparent, and creative. A well-prepared and responsible local administration would not only manage public resources more efficiently but also become a true partner to citizens in building a prosperous and sustainable community.

Improving local financial autonomy in Romania cannot be achieved without a thorough review of the legislative framework that clarifies the responsibilities of local authorities and provides them with the necessary resources to fulfill their duties. This approach requires comprehensive legislative changes, focused on decentralization, transparency, and efficiency, including revising the legislation on financial decentralization, establishing a national pact for local autonomy, and creating a consultative council for local finances.

- **Reviewing the Legislation on Financial Decentralization**

For all the points mentioned earlier, an absolutely essential element is the review of the legislation on financial decentralization. A first step could be modifying the Local Public Finance Law [19] to introduce explicit provisions that condition the transfer of competencies on the allocation of adequate financial resources. Currently, many local authorities are given additional responsibilities without receiving extra funds, which contradicts Article 9 of the European Charter of Local Self-Government, ratified by Romania. Therefore, the legislative changes should ensure that, for each delegated task, the local budget is supplemented either through direct transfers or by allocating new sources of local revenue, such as a higher share of the income tax collected locally.

Also, the administrative code should be updated to more clearly define the limits and responsibilities of local authorities, so they no longer depend on interpretations or ad hoc negotiations with central authorities. Clarifying competencies is essential to avoid overlaps and conflicts, which often cause blockages in the implementation of local projects.

A crucial step for strengthening financial autonomy would be adopting a framework regulation regarding local autonomy, formalizing a national pact between central and local authorities. This pact could include concrete commitments, such as allocating a minimum percentage of GDP for local budgets or guaranteeing fixed shares of the main taxes and levies collected nationally, such as VAT or income tax. This approach would eliminate current uncertainties related to budget transfers, thus reducing the dependence of local authorities on discretionary decisions made by the Government.

Amending the Tax Code [20] could be a central element of this pact, allowing local authorities more flexibility in setting local taxes. For example, municipalities could have the right to adjust property taxes based on the community's needs, within limits set by law, which would increase local revenues and reduce reliance on central transfers.

To ensure constant monitoring and improvement of the local financial system, it would be necessary to amend the regulations concerning the organization and operation of local public administration to create a Consultative Council for Local Finances. This council could serve the role of analyzing existing legislation and proposing improvements, functioning as a platform for dialogue between local and central authorities, as well as financial experts.

For instance, the council could propose amendments to fiscal-budgetary responsibility regulations to introduce fiscal performance indicators for local administrations. This would encourage efficiency in the use of public funds and allow for more transparent allocation of resources, reducing the risks of mismanagement.

We believe that these legislative changes would create a clearer and more predictable framework for local public finances, ensuring greater accountability from central authorities in their relationship with local authorities. At the same time, they would encourage local authorities to be more innovative and efficient in managing resources, providing citizens with higher quality public services.

By updating the legislation in the field of financial decentralization, Romania could overcome the administrative and financial barriers that hinder the development of local communities, demonstrating that modern and well-coordinated governance is the key to a strong and prosperous European state.

5. Aspects Regarding the Benefits of Financial Autonomy

In a local community in Romania, financial autonomy is not just an abstract concept but a reality that can transform people's everyday lives. Imagine a small town where the local administration has the resources needed to build a modern park, renovate schools, and repair roads, without waiting for years for decisions or funds from the central government. This image could become a reality if local authorities had more control over their own financial resources.

Increased financial autonomy would allow local administrations to invest more efficiently in the community's needs. For example, in a rural commune, the local council could allocate funds for modern irrigation systems or to create a local market that supports local producers. These decisions, made quickly and adapted to the local context, would stimulate the area's economy and create jobs, giving families reasons to stay in the community and prosper.

In another scenario, in a larger city, citizens could see greater transparency in how local taxes are used. A locally managed budget would be easier for the community to monitor, and the administration would be more accountable to the citizens. Thus, each project – from building a hospital to implementing an eco-friendly transport system – would not only be useful but also executed efficiently and transparently.

Financial autonomy would also mean more power for citizens. In a city practicing participatory budgeting, residents could vote directly on which projects should be prioritized: a new playground for children, rehabilitating sidewalks, or installing eco-friendly lighting systems. Direct involvement would give them the feeling that their decisions matter and would increase trust in the local administration. [21]

Every community has unique needs and opportunities. Financial autonomy would allow local authorities to develop innovative solutions, such as attracting investors through tax breaks for green businesses or launching pilot projects in renewable energy. For example, a commune in Transylvania could harness solar resources to become energy-independent, providing residents with cheaper energy and a cleaner environment.

Ultimately, the most important benefit of financial autonomy is its direct impact on citizens' quality of life. Imagine a community where schools are modernized, roads are repaired, and public services – from transportation to healthcare – operate at high standards. Such a community not only retains its residents but also attracts new families and investments, becoming a success story.

Financial autonomy is not just about money and figures. It is a story about trust, the power of local decisions, and every community's chance to write a better chapter for its future. It is about providing local authorities with the tools they need to create places where people can live well, work with passion, and enjoy each day.

6. Conclusions

Financial autonomy for local authorities in Romania is both a challenge and a major opportunity for the sustainable development of communities. Throughout this analysis, we have highlighted a series of issues, such as excessive dependence on transfers from the central budget, insufficient resources for local projects, and significant disparities between regions. These challenges, although complex, can be addressed through a well-defined set of solutions, including diversifying sources of own revenue, simplifying access to external funding, and strengthening local administrative capacity.

At the same time, we have identified the huge benefits that greater financial autonomy would bring, from increased efficiency in the use of resources to greater responsibility and transparency in governance.

In this regard, we consider it necessary to issue a call to action, primarily to legislators, as we believe it is their mission to create a legal framework that facilitates true financial decentralization [22], reducing bureaucracy and allocating resources fairly. As we have previously stated, a review of the legislation is essential to provide local authorities with the tools they need to generate their own revenues and decide autonomously on their use. On the other hand, local administrations must take a proactive role, become more innovative, and attract external funds for projects that address the community's needs. Investing in professional training and developing local competencies is a crucial step in increasing efficiency.

Lastly, it is absolutely necessary for citizens to engage more actively in local decisions, through active participation in public debates on issues of interest, as well as using tools that allow them to effectively influence financial matters – e.g., participatory budgeting processes. Only through close collaboration between the community and local administration can real priorities and the most suitable solutions be identified.

We conclude by reiterating the importance of the partnership between central and local authorities. Effective governance requires a strong partnership between the central and local levels, based on mutual respect and the principle of subsidiarity. The central government must support local authorities, not undermine their autonomy, providing resources and strategic guidance, but without intervening in decisions that can be made at the local level. At the same time, local authorities must demonstrate their responsibility and capacity to manage resources effectively.

A constant and constructive dialogue between the two levels of administration, along with active citizen involvement, is the key to a modern Romania where each community develops at its own pace and in its own direction.

In conclusion, we express once again the conviction that financial autonomy is not only an administrative necessity but also an investment in Romania's future. Through concerted measures and political will, we can build stronger [23], more prosperous local communities that are closer to the citizens they serve.

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