

THE QUALITY OF PLANNING, A BAROMETER OF THE EFFECTIVE USE OF STRUCTURAL FUNDS IN ROMANIA – STUDY CASE: REGION FOR DEVELOPMENT “CENTRU” 2007-2013

Catană, Aida¹

Abstract: *The enlargement of the European Union has generated a series of debates on the structural funds to the most appropriate level of government. The resulting planning documents were unable to be the basis for an essential contribution of the structural funds to reduce disparities, the ultimate goal of the regional development policy.*

The quality of the planning documents at regional and local level is given by several factors such as: the existence of an unclear and insufficient legal framework, the modality in which there was perceived and used the partnership or the involvement of all stakeholders in the preparation of the planning documents or the extent to which certain methods or development tools in support areas such as statistics, are used. Therefore, the quality assessment for the planning documents could be a barometer for estimating what will be generated by using structural funds.

Keywords: *regional development, Structural Funds, local communities*

JEL Classification: H7, P4, R5

1. Relevant contributions

The year 1988 represents the affirmation of the partnership principle in the European Union, as the basic principle along with the others that gave a new dynamic to the European evolution: programming, concentration, additionality.

Although it was considered to be the beginning of an Europe of regions for regions, the Committee of the Regions being an active body that has tried to contribute to the development of the multi-level governance perspective, there have existed even before the accession of Romania, in the specialized literature debates on many relevant topics namely: a) the application of the partnership principle is equivalent to the acceptance on behalf of the States of the regionalization and administrative decentralization or is it just a formal participation without a participation in decision-making; b) to what extent the States that have later became members, as it is the case of Romania, have the ability to become more competitive by using the structural funds, here including also the discussions on urban development challenges or which countries will benefit from the enlargement (Frunza, 2011; Zaman, 2008; Zaman, 2009; Wallace et al, 2010). Regarding the first topic of discussion there are supporters on both sides, regarding the second one there are different approaches on the best, most effective way the States that joined after 2004 or 2007 to contribute to the European objectives, given the view expressed by the Sapir Report according to which the European funds cannot compensate for the missing elements for some States to be competitive (Sapir, 2004). Also, the contribution of the polycentric development to the increase of the competitiveness of the new Member States was questioned, considering that this approach is more appropriate for the EU 15, than in the case of the new members, many of the former communist countries, as it is the case of Romania, with a polycentric structure and a high level of regional disparities (Popa, 2010; Braghina, et al, 2008; Meijers, 2006). This basis makes Romania, the most rapid growth to be estimated for the most developed regions (Antonescu, 2011; Antonescu, 2012; Boldea, 2012; Trasca et al, 2013).

¹ PhD student at the Economic Cybernetics and Statistics Doctoral School of the Bucharest University of Economic Studies; Mrs Emilia Țițan is the PhD coordinator. The email is emilia_titan@yahoo.com

In Romania, the application of the partnership principle was made formally, the EU regulator role being totally accepted to the extent that is correlated with the financial support. However this has not led to an evolution of the multi-level approach and of the good governance, the impact of structural funds on multi-level governance system being insignificant (Wallace et al, 2010).

The same formalism is also identified in achieving the integrated planning documents for the urban development, the results obtained in the Central Region and the urban environment being connected only to the poor system of indicators established within the operational program and not at the level of the operational planning documents elaborated by the local authorities or at the regional level. Therefore, without diminishing the importance of the identified issues at the level of the local authorities, the main obstacles encountered in the absorption of the structural funds, especially the ERDF are mostly generated by the national authorities who have a regulatory role.

2. Planning process and relevant documents at regional level

At the European level, there is an evolution of the manner in which the programming within each Member State must be made in the context of the use of structural and cohesion funds, correlated with the dynamics of the relationship between the national and the local/regional or sub-national level. Although the *Regulation (EC) no. 1260/1999* values the partnership principle much more than the previous one applicable in the Structural Funds, its promoting does not change the local/regional and national equipoise. In Romania the involvement of the regional and national authorities (with impact at the administrative local level) should have been done in partnership but although the participation was ensured, it did not necessarily mean their involvement in the decision-making process or in building the participation feeling to the entire development process, ever since the planning stage. At regional level, the reference document in the regional development is the Regional Development Plan, while at the county level there is the Plan or Development Strategy and furthermore, the development plans or strategies of the local community (municipality, city or commune). In addition, there is a series of other normative acts as well as documents generated by the need for accessing structural funds, namely the ERDF, such as the Integrated Development Plans for the growth poles or the Integrated Urban Development Plans for certain urban areas identified in the cities or municipalities. If we add the requirement of the elaboration of certain technical documentation of planning the development of the public utilities systems - water supply, sewerage and waste management, mandatory for accessing funds allocated to Romania from the Cohesion Fund, we have an image close to the reality that the local public administration authorities must manage in the process of accessing the structural funds.

At local level, as a basis for the regional bottom-up process in terms of local planning, by 2007 there were few laws to allow or to regulate the manner in which a strategic planning document should be elaborated. In addition, the access of the structural funds, in this case the available ERDF through the Regional Operational Programme 2007-2013 for urban development objectives translated into the no.1 priority axis The support of the sustainable development of cities - urban growth poles, imposed a series of planning documents as integrated development plans. Based on these were funded projects promoted by the growth poles and urban development poles set by Government decisions, and urban centres - represented by cities/municipalities with over 10,000 inhabitants, other than the growth poles and the urban development poles.

The integrated development plans had structures that, although offered as an outline by the Managing Authority of ROP 2007-2013 have been mandatory in order to obtain financing. All the outlines include a characterization of the area, a development strategy and an action

plan, which must also present the management measures. Although enumerated as a mandatory section, there were not mentioned certain measures or binding instruments for establishing the baseline and of estimation of the level of fulfilment of the indicators proposed for each project that the management or management structures proposed to follow them. Furthermore, in the list of priority projects were set mandatory entries relating to the objective, proposed activities, estimated budget and implementation period but were not also included sections regarding the indicators and their evolution. Thus there were created the foundations of a poor assessment of the outcomes and the impact that the projects could have generated at the level of the local or regional development.

3. Region for development “Centru” - urban development component between planning documents and structural fund (ERDF) absorption through Regional Operational Programme 2007-2013

As the other PDRs during 2007 - 2013, the Center Region Development Plan for 2007-2013 was developed based on and in accordance with the specific legal provision. The structure includes four sections such as the general social-economic analysis of the Centre Region, SWOT analysis, the Central Region Reference Strategic Framework 2007- 2013 and the implementation of the priorities and measures. The first sections present several statistics to describe the situation, further suggesting the strategic objective of the region and the specific objectives, the priority axes completing the proposed intervention. A specific priority axis VII, The Sustainable urban development, with a single measure 7.1 Support for the integrated urban development, the pole of growth Brasov being one of the priority projects (RDP, 2007) was included. The Centre Region Development Plan for 2007-2013 does not include a strategy and operational measures to make possible the fulfilment of the objectives set, suggesting their dependence on the measures taken at national level, the administrative capacity, and the enforcement of the subsidiarity principle or the public management performance at local or national level not being analyzed. In this context, the achievement of the regional objectives, being primarily the responsibility of the local/regional authorities, depends exclusively on the measures taken at national level, thus marking the authority of institutions at this level. The guiding structure of the Integrated Development Plans (IDP) compulsory document according to GD no 998/2008 is offered as an outline by the ROP 2007-2013 Applicant's Guide, priority axis (PA) 1, and key area of intervention (KAI) 1.1, Sub-area Growth Poles. The Growth Pole Brasov, managed by the Brasov Metropolitan Agency for Sustainable Development has received such a plan, which was approved in December 2009.

The main aspects identified of the IDP of Brasov growth pole analyzes are: a) the first part presents a large amount of information on 202 pages. Although there are various sources of information from the statistical data collected and processed by authorized institutions but also "other sources of information" it is not specified which of these are considered to be according to the reality at the time of the analysis (IDP, 2009) b) There are solutions proposed without the analysis of possible scenarios, especially in terms of the infrastructure problems. Also there is no reference to any proposed solutions by the technical and economic documentations (IDP, 2009), c) In terms of *Projects*, they are in an extremely large number, respectively 300. These are proposed for the public sector and not particularly correlated with the intervention areas. These in turn are not prioritized, chapter 4 “Priority intervention areas selection” containing information only on their equivalence with the urban action areas. Also, there are no details on the methodology of consulting stakeholders and used criteria (IDP, 2009).

In conclusion, our analysis primarily states that there are no criteria for the prioritization of projects and that many of the projects do not address precisely those real direct causes that

generate the identified effects, but aim at general issues. The list of the projects appears as the sum of projects collected from the members of the growth pole, without a preliminary selection of them, in order to identify the relevance towards the objectives of the pole. The lack of estimated budgets, of indicators makes the results estimation and the impact of the programming/planning stage in which this plan fits impossible.

In terms of the mandatory integrated urban development plans (IUDP) for the urban development poles (Sibiu and Targu Mures municipalities in the central region) and the urban areas (nine city halls of municipalities have submitted IUDP containing 27 individual projects, and following the selection and evaluation procedure four IUDP's were approved and funded, of Alba Iulia, Miercurea Ciuc, St. George and Toplița municipalities) we have a comparable situation: all followed the proposed outline by the model provided by the Managing Authority of the ROP, the management structure being presented without providing indicators on which management performance can be evaluated. In this case we can consider that the pursued management objective was the accessing and the successful implementation of projects financed through ROP 2007-2013 and not fulfilling the objectives of the Plan.

This is clearly reflected in the Integrated Urban Development Plan of Sibiu, which presents the criteria for identifying a list of individual projects proposed for funding from ROP 2007-2013, while the Implementation and management structure section specifies that for monitoring the results and the impact of individual projects the indicators from the Applicant's Guide will be used. (IUDP). Although more detailed in terms of powers of persons involved in the management structure, the Integrated Urban Development Plan of Targu Mures does not contain references to the tracked indicators.

In all the developed plans regarding the analyzed urban development in the Central development region there were not identified methods and tools used in data analysis or information presented in the description of the current situation. The formulation of the development vision, of the general or specific objectives at local or regional level is most often based on the statistical analyses, being necessary to overcome the challenge of transposing the managerial decision problem in statistical terms, its formulation being essential for the results of statistical analysis to provide what is necessary in choosing the right decision (Țițan, 2005). Thus, in the implementation of this RDP, as well as of other regional development plans, the existing situation is shown by the sequence of sections including statistical data, structured according to their development over time, which leads to the appearance of the dynamic or time series. These can help bring some variations occurred in time to influence the factors that caused the deviation from the normal evolution, the laws which occurred in the evolution of phenomena and processes (Anghelache, 2005). The lack of methodology used in the achievement of the development plans or of those of urban development makes it possible to interpret that the method used was to extrapolate the time series, a method criticized by specialist statisticians, they were arguing that extrapolating means to adopt the hypothesis according to which the trends of the past will repeat similarly in the future, provided that all other remain unchanged (Băcescu-Cărbunaru, 2009). Therefore, developing local or regional planning documents should be based on a real scientific support otherwise the impact assessment of the structural funds being superficial and un-realistic.

4. Projects at the level of “Centru” region for development 2007-2013 programming period

The estimation of the effects on which the structural and cohesion funds intervention is performed ever since the stage of development of the operational programs (Regulation 1083/2006) on the basis of the guidelines developed by the European Commission in *The New Programming Period 2007-2013 Indicative Guidelines on evaluation methods: ex-ante*

evaluation, 2006. While the role of the ex-ante evaluation is to optimize the allocation of the budgetary resources under the operational programs and improve the quality of the programming process (Reg. 1083/2006, article 46), the ex-post evaluation made by the European Commission aims, besides assessing the effectiveness, the response to questions about the utility and sustainability European Commission. Even so, there are old debates on the assessment of the impact of structural and cohesion funds and the cohesion policy in general, there are opinions that say that the analyses and studies which have been gathered did not bring any clear evidence that the structural funds expenditures had a visible economic impact. (Wallace et al. 2010). Also, the concept of impact is very complex and there are a number of interpretations one of them highlighted on two distinct phases: supply side is after the completion of the implementation phase, when the effects relate to the influence on the funds' suppliers are measured and demand side when the effects are especially recorded from the beneficiaries of funds. Important that because of complexity of the context the qualitative impact depends on too many variables that occur during the implementation, so it is difficult to assess (Băleanu, 2007).

At the beginning of 2015 the situation within ROP 2007-2013 in the Central Region is the following: 1192 submitted projects; 489 contracted projects; 78 projects on the reserve list and in the pre-contractual phase; 296 completed projects; 280.25 million euro spent out of which for the priority axis no. 1 - Supporting the sustainable development of cities - urban growth poles, key area of intervention 1.1 represents: 77 submitted projects; 56 contracted projects; 31 completed projects; 73.17 million euro spent.

Table 1: Situation of the projects, ROP 2007-2013, “Centru” Region, 2015

	Allocated	Submitted projects			Contracted projects		
		no	Requested amount	% from the allocated amount	no	Requested amount	% from the allocated amount
General	470.61	1192	1213.29	257.81	489	582.63	123.80
PA1/ KAI 1.1	144.17	77	260.39	180.61	56	197.67	137.11

Source: Data processed by the author based on the data available on <http://www.adrcentru.ro/>

As is shown (table no.1), the interest of the local authorities in urban areas was high, the amount requested by the submitted projects exceeded 180%. Although a number of projects worth more than the amount allocated for the Centre region for this Priority Axis1, KAI 1.1 were contracted, until March 2015 only 31 projects were completed out of the 56 contracted. If in 2009, the identified problems related to the lengthy evaluation process of the proposed applications for funding, the long duration of time after the conclusion of the funding contract until the contracting of the construction works or the large number of documents to be submitted by the beneficiary to verify the procurement procedure (AIR 2009), in the following years was invoked the poor quality of the access documentation as well as of the reports on technical and financial evaluation of individual projects (AIR, 2010) and the most delays reported to the terms of submitting assumed by the growth poles, as well as in terms of implementation of the financing contracts related to them. (AIR 2010; AIR, 2011; AIR 2012). Besides the latter, AIR in 2013 brings for the first time to the attention the quality of the indicators and the lack of methodology for calculating them, for example the inhabitants indicator that benefits from the implementation of the integrated urban development plans

being relevant. Thus, at the end of 2013, the inhabitants indicator that benefit from the implementation of the integrated urban development plans, was exceeding the total number of inhabitants of Romania (AIR 2013)

At the end of the programming period, 58 projects were financed and implemented with the financial support given by ROP, PA 1.1. as is shown below.

Table 2: The situation at the end of the 2007-201 programming period, ROP, PA 1, KAI 1.1, “Centru” Region for development

Priority Axis no.1	No. of projects	ERDF amount	Total value
1.1 Growth Pole	26	288.708.6 22	504.332.406
1.2 Urban Deevelopment Poles	12	107.521.6 93	155.809.325
1.3 Urban Centers	20	255.133.8 80	412.799.989

Source: Data processed by the author based on the data available on <http://www.inforegio.ro/ro/implementare/proiecte-finantate.html> (accessed on May 15th, 2017)

5. Conclusions

The urban local authorities from the Centre Region of Romania, who managed to obtain structural funds, namely ERDF from the allocation of ROP 2007-2013 have exactly met the criteria imposed by ROP Managing Authority, part of the management control system proposed by Romania as a Member State and approved by the European Commission under *Regulation no 1083/2006*. Thus, although the projects should have contributed to solving some constraints of the local community, they were meant primarily to meet the required criteria and not necessarily the local development needs.

Given the top-down method of achieving the planning documents it is possible that the regional policy in Romania to remain at an early stage of development, the allocation of the structural funds to NUTS II regions only strengthening the national level control on the local indirect one, by requests that do not appear in the specific regulations of the public administration, but guides or other documents issued by the Managing Authority.

Thus, under the appearance of a system based on the principle of partnership, on good governance, a mechanism of influence of the development is generated without a real connection to the needs of the local community, of its citizens. It is therefore required a rethinking of the planning process so as to ensure the participation of all the levels of governance in parallel with the strengthening of the powers of the local authorities, as being the closest to the citizen. In addition, the involvement of experts from various scientific fields will lead to the increased quality of the prepared documents, so that they will be real working tools.

References

Antonescu, D. (2011). 'Noile perspective teoretice ale dezvoltării economice la nivel regional'. *Studii Economice*, 1-26.

Antonescu, D. (2012). 'Identifying regional disparities in Romania: a convergence process perspective in relation to European Union's territorial structures'. *Procedia Economics and Finance*, 3, 1148-1155.

Anghelache, C. tin, Badea, SG, Capanu, I., Wagner, P.(2005). *Bazele statisticii teoretice si economice*.

- Băcescu-Cărbunaru, A. (2009). *Statistică macroeconomică. Editura Universitară, București.*
- Baleanu, Adelina, (2007). 'Impactul fondurilor structurale – aspecte calitative', *COLECȚIA DE STUDII IER, No. 20, Working Papers Series*, Institutul European din Romania
- Boldea, M., Parean, M., & Otil, M. (2012). 'Regional Disparity Analysis: The Case of Romania', *Journal of Eastern Europe Research in Business & Economics*
- Frunză, R. (2011). 'Formal institutions and regional development. Considerations regarding Romania'. *Theoretical and Applied Economics*, 4(4), 141.
- Sapir, A. (2005). *An agenda for a growing Europe: the Sapir report. Special symposium on the report of the Sapir Group* (No. 2013/8124). ULB--Universite Libre de Bruxelles.
- Trasca, D. L., Aceleanu, M. I., & Sahlian, D. (2013). 'Eficiența în plan teritorial a politicii de coeziune în România'. *Economie teoretică și aplicată*, 20(1), 578.
- Țițan, E. (2012). *Statistică: teorie și aplicații în sectorul terțiar*. Meteor Press.
- Zaman, G., & Georgescu, G. (2009). 'Structural Fund Absorption: A New Challenge for Romania?'. *Romanian journal of economic forecasting*, 1(2009), 136-154.
- Zaman, G. (2008). 'Economic effects of CEE countries integration into the European Union.' *Annales Universitatis Apulensis Series Oeconomica*, 2(10).
- Wallace, H., Pollack, M. A., & Young, A. R. (Eds.). (2010). *Policy-making in the European Union*. Oxford university press.
- European Commission, *The New Programming Period 2007-2013 Indicative Guidelines on evaluation methods: ex-ante evaluation*, WD no 1, August 2006
- European Commission, *The New Programming Period 2007-2013 Indicative Guidelines on evaluation methods: monitoring and evaluation indicators*, WD no. 2, August 2006
- COUNCIL REGULATION (EC) No 1260/1999 of 21 June 1999 *laying down general provisions on the Structural Funds*, last view on 10 March 2015, <http://eur-lex.europa.eu/legal-content/en>
- COUNCIL REGULATION (EEC) No 2052 / 88 of 24 June 1988 *on the tasks of the Structural Funds and their effectiveness and on coordination of their activities between themselves and with the operations of the European Investment Bank and the other existing financial instruments*, last view on 10 March 2015, <http://eur-lex.europa.eu/legal-content/en>
- COUNCIL REGULATION (EC) No 1083/2006 of 11 July 2006 *laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999*, last view on 10 March 2015, <http://eur-lex.europa.eu/legal-content/en>
- Regional Development Plan for Center Region 2007-2013, last view 2 April 2015, <http://www.adrcentru.ro/>
- Regional Operational Programme 2007 – 2013, last view 2 April 2015 <http://www.adrcentru.ro/detaliu.aspx?t=adplanulregional>
- Integrated Development Plan of Brasov Growth Pole, last view 19 October 2013 <http://www.brasovcity.ro/documente/public/constructii-urbanism/planul-integrat-de-dezvoltare-urbana.pdf>
- Sibiu Integrated Urban Development Plan, last view 2 February 2015, http://www.sibiu.ro/ro2/fonduri/IUDP_Sibiu.pdf
- Targu Mures Integrated Urban Development Plan, last view 2 April 2015, http://www.tirgumures.ro/index.php?option=com_content&view=article&id=338%3Aplanul-integrat-de-dezvoltare-urbana&catid=57%3Aproiectele-orasului&Itemid=277&lang=ro
- Government of Romania, 2012 *National Strategic Report on the implementation of the Structural and Cohesion Funds*, last view 10 December 2014,

http://www.fonduri-ue.ro/res/filepicker_users/cd25a597fd-62/Documente_Suport/Rapoarte_Strategice/19.04.2013/ro_strat_report_2012.pdf
Managing Authority of Regional Operational Programme 2007-2013 (2009), *Annual Implementation Report 2008*, last view 5 March 2015, <http://www.inforegio.ro/ro/raportari.html>
Managing Authority of Regional Operational Programme 2007-2013 (2010), *Annual Implementation Report 2009*, last view 5 March 2015, <http://www.inforegio.ro/ro/raportari.html>
Managing Authority of Regional Operational Programme 2007-2013 (2011), *Annual Implementation Report 2010*, last view 5 March 2015, <http://www.inforegio.ro/ro/raportari.html>
Managing Authority of Regional Operational Programme 2007-2013 (2012), *Annual Implementation Report 2011*, last view 5 March 2015, <http://www.inforegio.ro/ro/raportari.html>
Managing Authority of Regional Operational Programme 2007-2013 (2013), *Annual Implementation Report 2012*, last view 5 March 2015, <http://www.inforegio.ro/ro/raportari.html>
Managing Authority of Regional Operational Programme 2007-2013 (2014), *Annual Implementation Report 2013*, last view 5 March 2015, <http://www.inforegio.ro/ro/raportari.html>
<http://regio-adrcentru.ro/situatia-proiecte-depuse-in-cadrul-adr-centru-pe-axe-prioritare-ale-programului-regio-2/>,
<http://www.inforegio.ro/ro/axa-1.html>