

THE SUBSTANTIATION OF THE REGIONAL DEVELOPMENT STRATEGIES, PREMISE FOR THE ABSORPTION OF THE STRUCTURAL AND COHESION FUNDS IN ROMANIA

Aida, Catană¹

Abstract:

The process of the elaboration and the implementation of the regional development strategies is facing challenges coming both from the limits of the instruments which are used for the substantiation of the planning documents and the lack of the most efficient evaluation methods of the implementation measures impact. The regional development strategies developed within 2007 – 2013 programming period as parts of the Regional Development Plans were based on a series of statistical analyses of the available statistical data. The specific details of the administrative system, the capacity of the national and local public administration to lead the management and control system created for the absorption of the EU funds in Romania were missing from the regional development strategies. These are the problems identified both within the annual implementation reports and national strategic reports as the main causes of the low rate of absorption. As a conclusion, there are more different aspects such as capacity of the public management or the coherence of the legal system that should take into account in the process of the substantiation of the regional development strategies.

Keywords: regional development, statistical analysis, growth pole

JEL Classification: H7, P4, R5

The programming period 2007-2013 offered the authorities in Romania the possibility to get acquainted with the planning system proposed at European level by means of the regulations underlying the modality in which the structural and cohesion funds are allocated and can also be used later by the adopted specific national legislation. The existence of a mechanism proposed at European level is not a restriction, the Member States having the possibility to improve the mechanism, depending on the specificity of the administrative system. Thus, at national level the elaboration of the National Development Plan 2007 – 2013 (NDP), or of the Regional Development Plans (RDP) complied with the established structure at national level, the fulfilling of the objectives of the RDP was not translated into a regional development strategy adapted to the local, regional and national context, that affects in a determinant manner the execution of the plans.

1. The institutional framework and the regional planning documents for the programming period 2007-2013

The regional development policy has experienced a first regulation after 1989, in 1998. The Law no. 151 *on regional development in Romania* establishes its basic objectives, among which we recall: a) the reduction of the existing regional imbalances by stimulating the balanced development, through the accelerated recovery of the delays in the development of the disadvantaged areas due to historical, geographical, economic, social, political conditions, and the prevention of new imbalances; b) the preparation of the institutional framework to meet the criteria for integration into the European Union structures and access to the structural funds and to the Cohesion Fund of the European Union; and c) correlating the government sectoral activities and policies in the regions by stimulating initiatives and capitalizing on local and regional resources for their sustainable economic and social development and their cultural development. The established

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

development regions become the implementation and evaluation framework of the regional development policy, with especially created regional development structures. The development regions were created in response to the necessity of compliance with the existing NUTS classification system at the level of the European Union, respectively the level NUTS 2, representing the basic regions for the implementation of regional policies, having a population between 800,000 and 3,000,000 inhabitants.

1.1 Relevant institutional framework aspects

The most important regional forum is the Regional Development Council (RDC) consisting of the presidents of the county councils and one representative of each category of local councils, either municipality, town and village councils, appointed from each county during their mandate, which analyses and determines the strategy and regional development programs; approves the regional development projects and monitors the compliance with the regional objectives. The same law provides the establishment of Regional Development Agencies (RDA), which are non-governmental bodies, non-profit, of public utility, with legal personality, that operate under the coordination of the Regional Development Councils. The RDAs have, under to this law, among the main powers the CDR's development and proposal, for approval, of the regional development strategy, of the regional development programs as well as the funds management plans; and the implementation and achievement of regional development programs and of the funds management plans in accordance with the decisions adopted by the Regional Development Council. In 2004, a new law was adopted for the regional development, Law no. 315, which brings a series of changes, among which: the Regional Development Council supports the elaboration in partnership of the National Development Plan and the RDAs prepare and propose to the CDR, for approval, the strategy, the plan and the regional development programs as well as the funds management plans. It is important that the National Development Plan approval is one of the tasks of the National Regional Development Council, composed of the presidents and vice-presidents of the regional development councils and in parity with their numbers, Government representatives appointed by Government decision, including the President. But, in the same year, it was also adopted the Governmental Decision no. 497 *on the institutional framework for the coordination, the implementation and the management of the structural instruments* (art. 4) which states that a new institution, respectively the Managing Authority for the Community Support Framework (respectively the Ministry of Public Finance) is developing, in partnership with the central and regional institutions involved, as well as with socio-economic partners, the National Development Plan and, based on this policy document, approved by the Government of Romania, negotiates the Community Support Framework with the European Commission and ensures the correlation between the operational programs. Although through the Decision no. 1323 from 2002 of the Romanian Government *on the development in partnership of the National Development Plan* it was established that the NDP is the document of strategic planning and financial programming of Romania, approved by the Government, developed in partnership, based on regional development plans, creating a programming of the economic and social development of the country (art. 3 paragraph (3)), it is repealed by Governmental Decision no. 1115/2004 on the development in partnership of the National Development Plan, also repealed by Governmental Decision no. 497/2004 (art. 25).

A special structure to provide a link between the institutional component and the financial support to the objective of regional development was the Regional Committee for Strategic Evaluation and Correlation CRESC, established under Governmental Decision no. 764/2007 for the approval of the establishment of the Regional Committees for

Strategic Evaluation and Correlation and of the Framework- regulation for their organization and functioning, with duties on assessing the contribution level that each project can make to achieve the regional objectives, as well as to correlate investments from public funds. The stage of the prioritization of projects that would be financed under the ROP was subsequently removed to combat the problem identified in the 2008 Annual Implementation Report (AIR) 2007-2013 of Regional Operational Programme (ROP) 2007-2013, respectively the lengthy evaluation process of projects proposed for funding (AIR 2008, p. 38).

1.2 Planning documents at regional level

The Regional Development Plan was and still is the basic document in the regional planning process, developed in a wider process of partnership, a process that has evolved itself along with the evolution of the development policy at the level of the European Union. The regional development plans for the programming period 2007 - 2013 have been developed in an ambiguous institutional framework in which the national institutions had played a major decisional role, the bottom-up process being affected by this aspect. 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, respectively: Governmental Decision no. 1006/2001 *for the approval of the Government Strategy for accelerating the public administration reform*, which represents also the Framework-strategy of development of a local collectivity (GD no.1006/2001, p. 18), the Law no. 326/2001 *of public utility services for communes* according to which the principle of elaboration of the strategy and of the local policies regarding these services under the principle of subsidiarity (L no. 326/2001, p. 8) is observed, and subsequently the Law no. 51/2006 *of community services of public utilities* according to which the local authorities take decisions about the elaboration and approval of their own services development strategies. 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, namely *Regulation (EEC) no. 2052/88*, its promoting does not change the local/regional national balance. Thus, the Member States must ensure the association of the relevant partners in the different stages of the programming taking into account the deadline established for each stage. The issue was underline by Allen (2005, p.239) “The implementation of the structural funds has encourage multi-level participation, but this should not be confused with multi-level governance.” As the other PDRs during 2007 - 2013, the Central Region Development Plan for 2007-2013 was developed based on and in accordance with the Government Decision 1115/2004 *regarding the development in partnership of the National Development Plan* (involving the institutions established (working groups and the Regional Planning Committee) and has the following structure: I. The social-economic analysis of the Centre Region (General description, Overall economic development, The demographic evolution and labor resources of the Centre Region, Agriculture and Rural Development, The environment situation, Territorial specificities and regional disparities, Equal Opportunities; II. The regional SWOT analysis; III The Central Region Reference Strategic Framework 2007- 2013 and IV. The implementation of the priorities and measures of the RDP. 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. We note that in terms of urban development, there is the 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, p. 148). The original version was adopted by the Regional Development Council on 26.04.2006 and the updated version was approved by the Decision no.8 of April 15th, 2008. The Centre Region Development Plan for 2007-2013 does not include a strategy and operational measures to make possible the fulfillment of the objectives set, suggesting their dependence on the measures taken at national level. In addition, we note that both the adoption of the first revised version as well as the revised one was made after the approval of the National Development Plan 2007-2013, respectively December 2005. This planning document - the regional development plan does not have in addition a strategy that would make possible the fulfillment of its objectives, the administrative capacity, 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. We are facing the authority-responsibility relationship that needs to be located at the same level to achieve the fulfillment of the objectives; otherwise there are chances for failure. The approach manner to urban development through the growth poles demonstrates the authority of the national level adopting a measure (Governmental Decision no. 998/2008 *for the designation of the national growth poles* in which the investments of community and national funding programs are achieved with priority, subsequently supplemented and modified by several successive acts), leading to the situation in which the Regional Development Plan must be updated, the top down approach cancelling the intent of enhancing the local or regional level. One more planning document was developed for the growth pole Brasov named the Integrated Urban Development Plan (IUDP) regulated by the Government Decision no. 1149/2008, article 3. The Growth Pole Brasov covered the Brasov Metropolitan Area, the associative structure made under the Law 215/2001 *on local public administration* amended and supplemented, respectively the association of community development established based on partnership between the Romanian capital or the 1st rank municipalities and the administrative units which are in the immediate area. The Integrated Urban Development Plan of the Growth Pole Brasov created within the ROP 2007-2013, Priority axis 1 DMI 1.1 Support for the sustainable development of cities - urban growth poles, determines as its development vision that "Brasov will become the model of sustainable development in the Central region, a development based on inter-territorial solidarity, interconnectivity, economic competitiveness and social cohesion."

Hence, there is a profound need in the correlation both between different level of institutions/authorities and their planning documents (Fig.no.1)

1.3 The statistical analysis relevant issues

Both the Development Plan of the Central Region for the period 2007-2013, and the Integrated Urban Development Plan of the Growth Pole Brasov contain an analysis of the existing situation and based on the SWOT analysis, the proposed targets, measures and projects. But there are two issues to be highlighted: the first one refers to the use of the statistical analysis and the second one on the need for extensive substantiation in the proposal of the strategy.

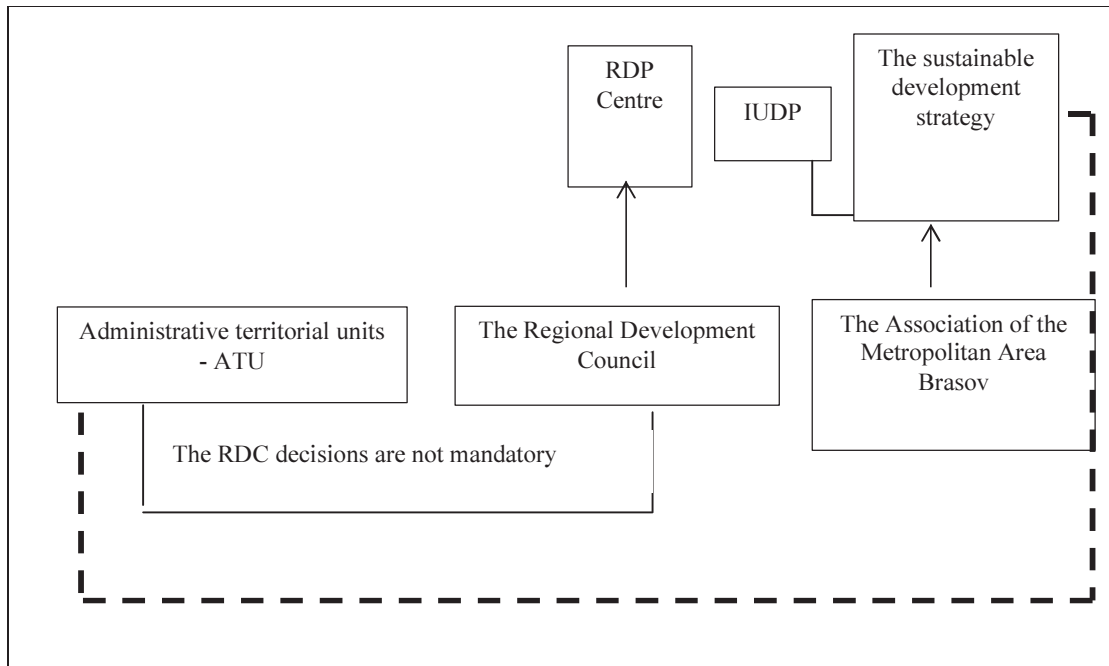


Fig. 1 The relationship local-regional -area level/ growth pole

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, P157). 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 (Cărbunaru, 2009). Therefore, developing local or regional planning documents should be based on a real scientific support. Regarding the establishment of the strategy through which the set objectives set can be achieved, it needs to extend the analysis to the specific elements of the administrative capacity, the coherence of the legal framework and the capacity of bringing together the effects of the proposed measures. The deficiencies have been reported since 2010 in the assessment report prepared within the project "Making assessments for 2009-2010", financed from the European Regional Development Fund through the Operational Programme Technical Assistance 2007-2013. The report "A formative evaluation of the Structural Instruments in Romania", sustains that "the implementation of the Structural Instruments seems to be negatively affected by a series of horizontal factors, at the level of public policies and, in particular, by the lack of correlation in strategic, legal and financial terms. The Strategies of the Structural Instruments (included in the NSRF and the individual OPs) appear not to be well anchored

in the overall national development strategy. This leads to a lack of correlation between the legislation governing the implementation of the Structural Instruments and other relevant national laws. In this context, it is illustrative that, although efforts have been made to ensure the pre-financing and co-financing of the projects through loans, in practice this mechanism is not working properly." The poor performance and rate of absorption of the funds allocated to Romania demonstrates the variety of the causes for the deficiencies.

2. The difficulties faced by local administrative units (growth poles) for absorption of the Structural and Cohesion Funds in Romania

The calls for proposals were launched for Priority 1, DMI 1.1. Integrated urban development plans - Sub-category growth poles on 08.12.2008, two years late as it is mentioned by the Annual Implementation Report of the year (AIR) 2008 (published in June 2009) of the Regional Operational Programme (ROP) 2007-2013. Among the significant problems encountered were mentioned the lack of urban development strategies to substantiate the implementation of this priority axis of the ROP; the establishment of a common framework for financing the growth poles of all operational programs financed by Community funds; the limited capacity of local administrations to develop integrated urban development plans with metropolitan or regional impact as well as the reluctance of certain local public authorities in the area of influence of the cities - nucleus of growth poles to join and be part of the Association of Intercommunity Development of the growth pole. If for a part of them some measures of control have been identified, such as the appointment of a pole coordinator (as adopted under the European Commission's recommendations as stated in the RAI 2009), with support role in coordinating the preparation and implementation of the integrated development of the growth pole and of the projects included in the plan, for others there was no way to identify solutions, the reluctance for association being a clear evidence of the effects of the top-down process of the appearance of this component of the urban development. At the end of the year 2009, the Growth Pole Brasov lies between the 4 growth poles that had submitted a IUDP approved (with a list of related projects) by each administrative-territorial unit, component of the growth pole and had already received approval by the Committee of management for the coordination of the structural instruments, the total value of the proposed projects for funding under Priority Axis 1 ROP exceeding the indicative financial allocations for each of the 4 growth poles. Later, AIR 2013 mentions major delays in meeting the original schedule of implementation of certain individual projects from the integrated urban development plans related to the seven growth poles, translated into a low reimbursement rate.

2.1 National system problems according to National Strategic Reports proves the limits of local authorities efforts

The implementation of the operational programs through which the objectives set in the National Strategic Reference Framework 2007 – 2013 are achieved, is monitored by the European Commission through the strategic reports requested to the Member States under Art. 29 of the EC Regulation No. 1083/2006. The 2009 National Strategic Report (NSR) on the implementation of the Structural and Cohesion Funds, of the Romanian Government, presented among the main difficulties the preparation of the projects' portfolio highlighting the relatively limited capacity of the public authorities (both central and local) regarding the identification, prioritization and preparation of the investment projects. Also the delayed launch of the calls for projects represented a problem, the relatively quick approval of the operational programs not being followed by an immediate launch of the funding lines. It is clearly stated that "Another difficulty with a direct impact on the launch of some of the calls for projects was the lack of national strategies in various

fields or the need to develop new strategies, innovative, strategies to ensure on the one hand the main landmark of projects' selection, and on the other hand, to ensure a coordinated and complementary implementation of the European funded projects and of those receiving other type of funding (national, local or foreign)."(NSR 2009, p.72). The growth poles and the lack of a national vision in the field of the territorial development is an example of local development delay due to national reasons, the specific normative documents for the functioning of these growth poles missing at the beginning of the programming period. The 2012 NSR maintains the identified problems in the 2009 NSR and adds the difficulties encountered in terms of budget legislation, respectively the required procedures by national legislation specific to the execution of the public budgets by Law no. 500/2002 of the public finances and the enforcement regulations. The granting rules of pre-financing, the public procurement procedures and procurement contracts, the influence of the institutions and procedures external to the structural instruments management system on the process of evaluation, contracting and implementation of projects, as well as the ability and responsibility to the beneficiaries have been invoked. All these issues were included also in the reports submitted by the European Commission: *The 2010 Strategic Report on the implementation of the programs for the period of 2007-2013* (COM (2010) 110 final, p.4) that mentions the unclear distribution of tasks nationally, the insufficient experience, the lack of administrative capacity both for the managing authorities as well as for the beneficiaries and the internal reorganization processes of the public administration – the case of Bulgaria, Romania and Lithuania; and in the 2013 Strategic Report on the implementation of the 2007-2013 program of the European Commission includes Romania among the countries that have experienced legislative changes, inconsistent political involvement and the effects of the national sectoral reforms. (COM (2013) 210 final, p. 3).

Conclusions

The possible difficulties in achieving regional cohesion in its territorial dimension could be assessed in relation to the 3 Cs stated at European level since the beginning of the debates on territorial cohesion in 2006 when the EU Council adopted the Community Strategic Directives or even a longer time ago, in 1983 when the European Parliament adopted the Gendebien Report, relevant in the economy of the development of the unique territorial planning framework. Thus, the "focus" brings up front the urban-rural relationship and the challenges faced in solving urban problems and labor force often living in rural areas, next to the urban center where they develop their activity. The relationship economic development - environmental protection - social equity brings up the issue of sustainable development at regional and local scale, the growth poles created in Romania offering the micro image of this issue. "The Connection" involves besides the obvious link of the transport ways and access to energy, ICT, research & development for citizens and companies. The centers/poles of development or growth are a challenge for the achievement of the types of relationships, effective connections between resources and their users. The different level of autonomy of the administrative authorities, of accountability or of culture of dialogue and partnership makes it the most difficult for the states which are newer democracies to achieve the third C respectively, the "Cooperation". The existence of multiple levels of government, which however do not benefit from a balance between authority and responsibility, leads to the fact that achieving cooperation means actually achieving compliance with the decisions imposed at national level or based on the recommendations from European level.

The experience during 2007 - 2013 proved that in order to achieve performance in the structural and cohesion funds absorption it is required more than the desire to attract

money. It is necessary to increase the level of expertise in all phases, starting from the programming phase. The implementation phase brings to the fore all the difficulties and shortcomings of the system which wants to use European funding. The implementation reports show that the main problem is the lack of correlation between each part and facet of the management and control system of the funds and some relevant legislation. In addition, obviously, the degree of efficiency and especially of effectiveness of the use of funds is given by the national level in an area where the regional / local level is the main actor, the dichotomy of authority-responsibility being clear. In the evaluation phase, one of the lessons learned should be that an improvement of the substantiation of the planning documents is needed, in a real implementation of the principles of subsidiarity and partnership. In addition, it is required the awareness of the role that different areas - in this case the one of the statistics, can have to contribute by a profound use of all tools and methodologies that this domain can provide for the decision makers.

Reference list:

1. Allen, D., 2005. *Cohesion and Structural Funds*. In: Wallace, H., Wallace, W., and Pollack, M., 2005. *Policy Making in the European Union*, 5th ed., New York: Oxford University Press Inc.
2. Anghelache, C., Badea, S.G., Capanu, I., Wagner, P., 2005. *Bazele statisticii teoretice și economice*, București: Economică
3. Băcescu-Cărbunaru, A., 2009. *Statistică*, București: Universitară
4. Țițan, E., 2005. *Statistică. Teorie și aplicații în sectorul terțiar*, București: Meteor Press
5. European Parliament, 1983. *Report drawn up on behalf of the Committee on Regional Policy and regional Planning on a European regional planning scheme*, Rapporteur: Mr. Paul-Henry Gendebien [pdf] European Parliament. Available at: http://aei.pitt.edu/5250/1/001765_1.pdf [Accessed 17 June 2011]
6. *Regulamentul Consiliului (CE) nr. 1260/1999 privind prevederile generale ale Fondurilor Structurale*
7. *Regulamentul CE nr 1083/2006 al Consiliului de stabilire a anumitor dispoziții generale privind Fondul European de Dezvoltare Regională, Fondul Social European și Fondul de coeziune și de abrogare a Regulamentului (CE) nr. 1260/1999*
8. *Legea privind dezvoltarea regională în România 151/1998 (c.1)*, București: Monitorul Oficial
9. *Legea administrației publice locale 215/2001*, București: Monitorul Oficial
10. *Legea privind dezvoltarea regională în România 315/2004*, București: Monitorul Oficial
11. *Legea serviciilor publice de gospodărie comunală 326/2001*, București: Monitorul Oficial
12. *Legea serviciilor comunitare de utilități publice 51/2006*, București: Monitorul Oficial
13. *Hotărârea Guvernului României privind elaborarea în parteneriat a Planului Național de Dezvoltare 1323/2002*, București: Monitorul Oficial
14. *Hotărârea Guvernului României privind stabilirea cadrului instituțional pentru coordonarea, implementarea și gestionarea instrumentelor structurale 497/2004*, București: Monitorul Oficial
15. *Hotărârea Guvernului României privind elaborarea în parteneriat a Planului Național de Dezvoltare 1115/2004*, București: Monitorul Oficial
16. *Hotărârea Guvernului României pentru aprobarea constituirii comitetelor regionale de evaluare strategică și corelare și a Regulamentului-cadru de organizare și funcționare a acestora 764/2007*, București: Monitorul Oficial
17. *Hotărârea Guvernului României pentru desemnarea polilor naționali de creștere 998/2008*, București: Monitorul Oficial
18. Guvernul României, 2005. *Planul Național de Dezvoltare 2007-2013*. [pdf] Guvernul României. Available at: [http://www.fonduri-ue.ro/res/filepicker_users/cd25a597fd-62/Doc_prog/PND_2007_2013/1_PND_2007_2013\(Ro.\).pdf](http://www.fonduri-ue.ro/res/filepicker_users/cd25a597fd-62/Doc_prog/PND_2007_2013/1_PND_2007_2013(Ro.).pdf) [Accessed 9 October 2014]

19. Guvernul Romaniei, 2009. *Raportul Strategic Național privind implementarea Fondurilor Structurale si de Coeziune* [pdf]. Guvernul Romaniei. Available at: [http://www.fonduri-ue.ro/res/filepicker_users/cd25a597fd-62/Documente_Suport/Evaluari/0_EVALUARI_CSNR/4a_Raport_Stratg_Nat_Impl_IS_\(RO\).pdf](http://www.fonduri-ue.ro/res/filepicker_users/cd25a597fd-62/Documente_Suport/Evaluari/0_EVALUARI_CSNR/4a_Raport_Stratg_Nat_Impl_IS_(RO).pdf) [Accesed 9 October 2014]
20. Guvernul Romaniei, 2012. *Raportul Strategic Național privind implementarea Fondurilor Structurale si de Coeziune* [pdf]. Guvernul Romaniei. Available at: http://www.fonduri-ue.ro/res/filepicker_users/cd25a597fd-62/Documente_Suport/Rapoarte_Strategice/19.04.2013/ro_strat_report_2012.pdf [Accesed 9 October 2014]
21. AM POR, *Raportul Anual de Implementare* 2008, 2009, 2010, 2011, 2012, 2013. Available at: <http://www.inforegio.ro/ro/raportari.html> [Accesed 14 October 2014]
22. *Planul de Dezvoltare al Regiunii Centru pentru perioada 2007-2013*, 2008 [pdf] Available at: http://www.adrcentru.ro/Document_Files/adplanulregional/00000021/9591f_PDR-2007-2013.pdf [Accesed 14 October 2014]
23. *Planul Integrat de Dezvoltare Urbană (PIDU) pentru polul de creștere (PC) Brașov* [pdf] Available at: <http://www.brasovcity.ro/documente/public/constructii-urbanism/planul-integrat-de-dezvoltare-urbana.pdf> [Accesed 14 October 2014]
24. *Comunicarea Comisiei COM (2013) 210 final, Politica de coeziune: raport strategic pentru anul 2013 privind punerea în aplicare a programelor pentru perioada 2007-2013*
25. *Comunicarea Comisiei COM (2010) 110 final, Raportul strategic pentru anul 2010 privind punerea în aplicare a programelor pentru perioada 2007-2013*

ACKNOWLEDGMENT

This paper has been financially supported within the project entitled „SOCERT. Knowledge society, dynamism through research”, contract number POSDRU/159/1.5/S/132406. This project is co-financed by European Social Fund through Sectoral Operational Programme for Human Resources Development 2007-2013. Investing in people!”