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## Institutional Challenges to Romania's Regional Policy in the Perspective of Accession to the European Union

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**46<sup>th</sup> CONGRESS OF THE EUROPEAN REGIONAL SCIENCE ASSOCIATION  
VOLOS, GREECE, August 30 – September 3, 2006**

**INSTITUTIONAL CHALLENGES TO ROMANIA'S REGIONAL  
POLICY IN THE PERSPECTIVE OF ACCESSION TO THE  
EUROPEAN UNION**

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**ABSTRACT.** *Romania's institutional framework for regional development policy has suffered a lot of changes since 1998, with negative consequences on the absorption capacity of EU funds, serving as a good example for explaining why so many times Romania has been severely criticised by EU for institutional instability and delays in institutional reform. This paper proposes an analysis of Romania's regional development policy in the perspective of accession to the European Union, with a particular emphasis on the institutional transformations and future challenges, especially those referring to the post-accession period. The author's contribution to a recent study on Romania's capacity to absorb the EU funds (developed under the auspices of the European Institute of Romania) will be presented, offering an evaluation of the components that characterise the administrative capacity of absorption in programming field for 2007-2013 period.*

**Key words:** regional policy, European integration, institutional transformations, EU funds, absorption capacity

## 1. Introduction

Despite its undeniable importance for the complete success of transition, the regional dimension of the corresponding Romanian strategy and reform was paid little attention for many years starting with 1990. Only in 1995, when the strategy of preparing Romania for accession to the European Union was elaborated as a document accompanying the application for the EU membership, the government had to admit that the problems of regions, of local communities represent key elements for the realism and coherence of this strategy, necessary to be considered for bridging the gap between words and facts in the debated about decentralisation, local administrative autonomy on the one hand and those about European integration, trans-border co-operation, spatial networks, etc. on the other hand. Accordingly, two special chapters of the afore-mentioned strategy focused on regional issues, representing the background of subsequent decisions and actions. These chapters were referring to the development strategy by county plus Bucharest municipality and the strategy for land use, urban development and physical planning. They combined the concerns with transition and reform processes at regional level with the actions that have to be undertaken for the future integration in the European Union's structures.

The elaboration of this strategy was followed by a programme for regional policy analysis and development established within the framework of PHARE by the European Union and the Romanian Government. This programme was implemented by the Department for Local Public Administration of the Romanian Government, assisted by a team of foreign advisors. A Regional Policy Task Force oversaw the programme activities with representatives from key ministries and regional authorities. One of the main tasks of this programme was the preparation of the so-called "Green Paper", including the proposals formulated by the Task Force to the government in order to design and implement the regional policy in Romania. The proposed policy had three essential objectives: 1. to prepare Romania for the EU membership and for getting eligible for support from the EU structural funds; 2. to reduce regional disparities among Romanian regions; 3. to integrate public sector activities in order to reach higher development of the regions ( Green Paper, 1997).

The Green Paper also aimed at responding to the overall requirements related to improving the framework for a decentralised regional policy, proposing a *specific territorial and institutional structure* for regional development policy. These proposals were subsequently considered by the Romanian Parliament and included in the Regional Development Law, adopted in 1998 (Legea 151, 1998)<sup>1</sup>.

As a result, *eight development regions* have been created and intended to serve as "*the framework for conceiving, implementing and evaluating regional development policy as well as for collecting the statistical data corresponding to the NUTS 2 level of the EUROSTAT*" (Legea 151, 1998). Each region includes up to seven counties, associated

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<sup>1</sup> As will be mentioned further in this paper, at present The 151/1998 Regional Development Law has been replaced by the 315/2004 Law. Though, the provisions that are to be discussed in the next paragraph have remained unchanged.

on a voluntary basis (the total number of counties is 41, plus Bucharest municipality, corresponding to the NUTS 3 level). The eight regions “*are not administrative-territorial units and do not have judicial personality*” (Legea 151, 1998).

The structure of the 8 development regions is as follows:

- *Region 1 North-East* (Bacău, Botoşani, Iaşi, Neamţ, Suceava, Vaslui)
- *Region 2 South-East* ( Brăila, Buzău, Constanţa, Galaţi, Tulcea, Vrancea)
- *Region 3 South - Muntenia* (Argeş, Călăraşi, Dâmboviţa, Giurgiu, Ialomiţa, Prahova, Teleorman)
- *Region 4 South-West - Oltenia* ( Dolj, Gorj, Mehedinţi, Olt, Vâlcea)
- *Region 5 West* (Arad, Caraş-Severin, Hunedoara, Timiş)
- *Region 6 North-West* (Bihor, Bistriţa-Năsăud, Cluj, Maramureş, Satu Mare, Sălaj)
- *Region 7 Centre* (Alba, Braşov, Covasna, Harghita, Mureş, Sibiu)
- *Region 8 Bucureşti-Ilfov* (Bucureşti, Ilfov).

Apart from the Bucureşti-Ilfov Region the size of the other seven regions varies from 1,959 thousand persons (West Region) to 3,647 thousand persons ( North-East) Region<sup>2</sup> (according to March 18, 2002 census) in terms of population and from 32,034 km<sup>2</sup> (South-West) to 36,850 km<sup>2</sup> (North-East) in terms of surface.

At the same time the institutional framework at national and regional level has been created in order to develop and implement the regional policy.

The next sections examine the the transformations of this framework in the pre-accession period as well as the preparations and challenges to the institutions that will be in force after Romania’s accession to the EU.

## **2. The institutional framework for regional development in the pre-accession period**

From the *institutional perspective*, the *central unit, of a decision role*, responsible for the elaboration and implementation of the regional development policy objectives is *the National Council for Regional Development* (NCRD), subordinated to the Government of Romania. In short, the *current tasks* of this institution are (Legea 315/2004): endorses regional development strategy and policy as well as the National Development Plan; approves the criteria and priorities regarding the use of the National Regional Development Fund (NRDF); presents and asks the Government’s approval for the priority programmes funded by the NRDF; analyses the use of the funds allocated from the NRDF to each region, makes proposals that envisage the employment of the pre-accession instruments, examines the accomplishment of the regional development objectives, including the external co-operation ones, endorses and approves the projects proposed by regional development agencies in order to be financed from regional development programmes; analyses and approves the activity reports presented by the National Committee for PHARE Programmes Co-ordination (for the economic and social cohesion component).

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<sup>2</sup> Even though the population of the North-East Region exceeds the upper limit established for the NUTS 2 regions of the EU a recent declaration of the Delegation of the European Commission in Romania agrees that the current eight-region structure is considered compatible with the EU rules.

In the beginning (1998), in accordance with the good practice supported by the EU in the other transition countries, *the National Regional Development Agency* (NRDA) was set up as the executive, operational body of the NCRD. Though, despite the good results recorded by the NRDA, further transformations came up quite soon. Thus, after the general elections organised by the end of 2000, the main part of the NRDA was transformed into the General Regional Development Directorate of the *Ministry of Development and Forecasting* (newly set up) in January 2001. Then, in June 2003, on the occasion of the Government restructuring, the Ministry of Development and Forecasting was entirely abolished and new institutions had to take over its responsibilities in regional development field such as: the Ministry of European Integration (main responsibility for co-ordinating regional development process; subsequently the National Development Plan Unit has been transferred to the Ministry of Public Finance), Ministry of Public Administration and the Interior (disadvantaged areas, subsequently transformed into assisted areas), Ministry of Economy and Commerce (industrial parks, subsequently transferred to Ministry of Public Administration and the Interior, etc.). This simple presentation can serve as a good example for explaining why so many times Romania has been severely criticised by EU for institutional instability and delays in institutional reform.

Coming back to the point, at present the Ministry of European Integration, subordinated to the Government of Romania, is the institution enabled at national level with the tasks and responsibility of elaboration, promotion, co-ordination, administration, implementation and monitoring of the regional development strategies and policies in Romania as well as of the economic and social cohesion programmes. It also provides the secretariat work for the NCRD (Legea 315/2004). The question that has been raised quite often is which will be the operational institution that will deal with regional development policy *after* Romania's accession to the EU. Most of opinions converge to setting up a National Regional Development Agency<sup>3</sup>...

The idea of *decentralising* parts of the responsibilities for regional development policy to regional/local level led to the establishment of *regional councils* and *regional development agencies*, with specific responsibilities towards the NCRD and NRDA (and the institutions that followed it) on the one hand and the region on the other hand.

The regional councils are the decisional units at regional level, without judicial personality, working based on partnership principles in order to co-ordinate the elaboration and monitoring of the activities entailed by regional development policies.

The executive, operational body at regional level is the Regional Development Agency (RDA), as non-governmental, non-profit organization, of judicial personality. Its main tasks refer to: the elaboration of the regional strategy, plan and programmes as well as the fund administration plans; ensuring the implementation of regional development programmes and fund administration plans in accordance with the decisions adopted by the regional council and current legislation; obtaining allocations from the National Regional Development Fund for financing the approved regional projects; providing the technical and financial management of the Regional Development Fund; ensuring the

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<sup>3</sup> In Poland, for example, the National Regional Development Agency was set up in 1994 and since then it has been working without any interruption up to present.

implementation, the technical and financial monitoring and the control of the projects financed by the EU within the regional development programmes, and so on.

Since the RDAs have a non-governmental organization status - unlike the corresponding institution at national level, a governmental one – many mismatches, barriers against a good communication between the two levels appeared in the first years. At present, at least a part of them have been removed as a result of the action of the new Law of Regional Development (No.315/2004) that specifies in a more clear, comprehensive and coherent way the objectives, institutional competencies and specific instruments for regional development within a larger context of higher harmonization of the Romanian legislation with the European one.

*The concept of regional development* in the new circumstances, of the market-based mechanisms, has been clearly defined by the NCRD from the very beginning and concentrates on the following issues: diminishing the existing regional imbalances; revitalising the disadvantaged areas; the prevention of occurring new regional imbalances; ensuring the correlation between regional and sectoral policies; stimulating interregional co-operation at national and international level.

The NCRD has also approved *the strategic principles for regional development at national level* that focus on promoting market economy principles in all regions, supporting regional competitiveness and sustainable growth; supporting the well-balanced development of the national territory and of the locality network; increasing the institutional, decisional, financial capacity of each region to support its own development process; promoting sustainable development principles; creating equal chances in terms of access to information, R&D, education and long-life learning.

At *local level* they envisage questions related to decreasing economic and social inter- and intra-regional disparities as well as urban – rural disparities, core – periphery disparities, etc.; preventing the arising of new problem-areas; coordinating local initiatives with national and EU priorities; policy differentiation in accordance with various areas particularities.

The framework described above has created the appropriate conditions for the elaboration, starting with 1999, of *the National Development Plan* (NDP) for 2000 – 2002, 2002 – 2005, 2004 – 2006 and 2007 – 2013.

Basically, the NDP is meant to deal with two priority issues (Frentz, 2004): first, to demonstrate the existence of significant structural weaknesses, justifying the need of support from the EU; second, to demonstrate that Romania, as future member state, has the administrative capacity for an effective management of the structural funds.

As the document employed in order to underlie Romania's demand for community financial support in the catching-up process, the NDP represents the main instrument of the economic and social cohesion policy.

Relating to this purpose, the 2004-2006 NDP has establishes the following national priorities:

- Increasing the productive sector competitiveness and its attractiveness to foreign investors.
- Improvement and development of transportation, energy and environmental protection infrastructure.

- Human resources development, increasing the employment rate and combating social exclusion.
- Rural economic development and agriculture productivity increase.
- Supporting the balanced participation of all Romanian regions in the social-economic development process.

For each of these priorities the coherence and compatibility with national and EU policies have been carefully addressed in institutional, legislative and policy measures terms. The European Commission's analysis has revealed that the 2004-2006 NDP is a document that offers a more adequate response to the EU requirements by expanding the fields of interest, increasing the depth of the socio-economic analysis, correct quantifying of the objectives and measures as well as of the financial efforts needed to reach the priority objectives (<http://amcsc.mfinante.ro>).

The 2004-2006 NDP has also recorded an important step forward in implementing *the partnership principle*: as a result of a government decision (Hotararea Guvernului Romaniei nr.1323/2002) *the Inter-institutional Committee for the Elaboration of the National Development Plan* has been set up<sup>4</sup>, offering the legal basis for developing the inter-institutional and partnership structures at national and regional level<sup>5</sup>. This is a consultative body including representatives of ministries, RDAs, central public institutions, research institutes, universities, various economic and social partners. Thus, a more clear perspective has been outlined with regard to the role of the ministries in charge with specific regional development issues, the role of RDAs and other institutions involved in the NDP elaboration. The presence of regions' representatives in this committee makes it possible a larger inter-institutional co-ordination, not only an inter-ministry one and creates the background for sectoral-regional correlation (Frentz, 2004). Though, many efforts have to keep concentrated on increasing the transparency and flexibility of the NDP elaboration so as to make these institutions work effectively.

### **3. The new institutional framework in the perspective of accession to the EU**

During the pre-accession period the NDP has been approached as the programming document building up Romania's access to the structural-type funds and to the structural funds after accession to the EU, thus responding to both 'internal necessities' and "external requirements" and revealing the philosophy of the EU support via pre-accession instruments, which has a twofold significance (Nica, 2002): on the one hand the financial aid is viewed as a way of reducing economic and social disparities between the candidate and the EU member countries; on the other hand, working with pre-accession instruments, creating the institutional framework for measures implementation, action monitoring and impact evaluation allow the candidate countries' authorities to get used to European Commission's procedures and, thus, to be prepared for the administration of the much higher amounted financial funds after accession to the EU.

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<sup>4</sup> At each region's level a Regional Committee for the Elaboration of Regional Development Plan has been also set up.

<sup>5</sup> The partnership principle is applied in all phases of the programming cycle: the plan elaboration, the financial programming development, implementation, monitoring and plan evaluation.

Indeed, for the 2007-2013 programming period the EU's financial support for Romania is estimated at more than 28 billion euros, compared to approx. 6.2 billion euros between 1991-2006.

From institutional viewpoint the Government of Romania has responded to the new challenges generated by the post-accession period designating the institutions, the units in charge with the implementation and administration of the EU financial assistance via structural instruments (Hotararea de Guvern 497/2004). The definitions of the programming documents (Community Support Framework (subsequently replaced by the National Reference Strategic Framework), Operational Programmes, Complement Programme) have been introduced in the Romanian legislation on this occasion, at the same time with those of the key – actors, institutions that will deal with the implementation of the structural instruments (Management Authority, Monitoring Committee, Payment Authority).

*Each Operational Programme will have its own management authority*, as follows: the Ministry of European Integration for the Regional Operational Programme, the Ministry of Economy and Commerce for the Sectoral Operational Programme on Economic Competitiveness, the Ministry of Transportation, Constructions and Tourism for the Sectoral Operational Programme on transportation and energy infrastructure, the Ministry of Environment and Water Management for the Sectoral Operational Programme on environment infrastructure, the Ministry of Labour, Social Solidarity and Family for the Sectoral Operational Programme on human resources development, the Ministry of Administration and Interior for the Operational Programme on administrative capacity development, the Ministry of Public Finance for the Operational Programme of technical assistance.

The Operational Programmes will implement the priorities established by *the National Reference Strategic Framework (NRSF)*. This document will harmonise the national priorities with the EU ones, included in the Community Strategic Guidelines for the Cohesion Policy. The NDP for 2007-2013 will remain Romania's internal working document for the Ministry of Public Finance. *Two major differences* can be noticed between the NDP and the NRSF, as follows (Ministerul Finantelor Publice, 2006): first, from financing viewpoint, the sources for the NRSF are exclusively the Structural Funds and the Cohesion Fund, whereas for the NDP there are additional sources such as national and local investment programmes, external credits, European Agricultural Fund for Rural Development, etc.; second, the NRSF does not address the rural development priorities included in the NDP since they are supported by the National Strategic Plan for Rural Development and financed via the European Agricultural Fund for Rural Development.

*The national co-ordinator for the Structural Instruments management will be the Ministry of Public Finance.*

*The Ministry of Public Finance will also act as the Payment Authority* for the European Regional Development Fund, the European Social fund and Cohesion Fund.

*Monitoring Committees* have been established for the NRSF, for each Operational Programme as well as for the Cohesion Fund, aiming to co-ordinate and control the effectiveness and quality of implementing the EU assistance and its economic and social impact.



#### 4. Challenges for post-accession period. The capacity of absorbing the EU funds

Undoubtedly, preparing the regional development strategy and NDP, creating the legal and institutional framework represent major steps for Romania in the European integration process but the most difficult time for most strategies, plans is when they must be turned into action.

One of the crucial questions for Romania's regional development in the perspective of accession to the EU will be *the increase of its capacity to absorb the Structural Funds* and to what extent it will be reflected by the amelioration of regional disparities not only in Romanian but also in European context. As many studies have already pointed out interregional disparities in Romania are neither bigger nor smaller than in many other European countries<sup>6</sup>. For example, the ratio between GDP per capita in most developed Romanian region (Bucuresti – Ilfov) and that in the least developed one (North-East) is 2.87. But, if the ratio between the average GDP per capita in Romania and the EU-25 average is considered (0.27) as well as the ratio between the GDP per capita in the most developed Romanian region and the EU-25 average (0.59) and the ratio between the least developed Romanian region and the EU-25 average (0.20) things appear to be completely different. This provides an important explanation for the very intense negotiations undertaken on the Chapter 21 – “Regional Policy and Co-ordination of Structural Instruments”: a EU of 27 is expected to record an initial 5% increase in GDP and an 18% drop of the average GDP per capita (Matusova, 2005). Under these circumstances the EU has had to ensure that the financial assistance provided to Romania will be effectively, rationally used and all institutions involved are fully committed to offer a promising response to the three new priorities of the economic and social cohesion policy, namely convergence, regional competitiveness and employment and European territorial co-operation.

A recent study recently developed under the auspices of the European Institute of Romania aiming to analyse the administrative capacity of absorbing the post-accession EU funds has revealed that this capacity is still insufficient, due to significant and numerous weaknesses which must be tackled in the period of time before accession (Oprescu, Constantin, Pislaru, Ilie, 2005).

The methodology employed has been the one conceived by the European Commission at the beginning of 2002 for evaluating the administrative absorption capacity of the candidate countries (at that time) (NEI, 2002). It has been applied using a questionnaire elaborated by the study's authors. The questions have been answered by all Management Authorities and most of the Intermediate Bodies. The results of the discussions with officials of the institutions involved, with Romanian and foreign consultants, with officials of the European Commission and its Delegation at Bucharest and other persons interested in this topic have been also added. The overall results are presented in Table 1.

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<sup>6</sup> Though, the situation is by far much worse when the intra-regional disparities are taken into consideration. For example, there are many cases of big differences between counties within the same region in terms of unemployment rate.

**Table 1. Evaluation of the absorption administrative capacity in Romania**

	Design			Total
	Structure	Human resources	Systems and instruments	
Management	A (95%)	C (54%)	C (50%)	C (72%)
Programming	C (50%)	C (50%)	C (60%)	C (52%)
Implementation	C (69%)	D (49%)	D (36%)	C (53%)
Total	B (76%)	C (51%)	D (45%)	

**Note:** A: Strong capacity: system ready for the Structural Funds (at least 90%);

B: Sufficient capacity, but weak points should be addressed (75-90% from the maximum score);

C: Capacity not sufficient yet, serious weaknesses must be addressed (50-75%);

D: Insufficient capacity, there is no base for administrating the Structural Funds.

**Source:** evaluation by Oprescu et al., 2005.

This paper concentrates on *the analysis of programming phase*, considering that 2007-2013 is the first period Romania elaborates operational programmes for, of a decisive importance for the access to the EU funds (it represents a part of the paper's author contribution to the above mentioned study<sup>7</sup>).

The evaluation of components defining the administrative capacity of absorption in programming field focused on certain design-related elements, at the level of management authorities (MA) as well as of intermediate bodies (IB).

The evaluation methodology applied to the *design* stage concentrated on: *structure* - quality of existing partnerships, *human resources* – programme elaboration capacity, quality and quantity-wise, *systems and instruments* - existence of programming guides/manuals.

Table 2 shows the results obtained from applying the evaluation grid and provides a comparison between actual and highest possible scores.

**Table 2. Scores obtained for absorption management capacity in programming – design stage**

Components	Actual score	Maximum score	Percentage
• Structure	2	4	50% (Category C)
• Human resources	2	4	50% (Category C)
• Systems and instruments	1,2	2	60% (Category C)
<b>Total</b>	<b>5,2</b>	<b>10</b>	<b>52%</b>

**Source:** Author's evaluation in Oprescu et al., 2005

<sup>7</sup> The discussions and suggestions provided by Mr. Alexandru Folescu, councillor at the Ministry of European Integration (at present, expert at the European Parliament) are gratefully acknowledged.

The 52% in the maximum score column indicates that conditions have been created for sufficient absorption capacity in the design stage. Some weak points remain however, which left unresolved could severely affect the success of the entire programming activity. One of the conclusions drawn after the general evaluation, also valid in this particular case, namely that structure and human resources-related elements obtained minimum scores, make it possible in other words for a different evaluator to rank them in the lower category while strictly observing the same evaluation methodology.

Consequently, the following analysis by components will take into account achievements as well as sensitive areas requiring greater attention and finding short, medium and long-term viable solutions.

#### ***4.1. Institutional structure – existing partnerships***

A major aspect of management capacity is the need to have the entire programming activity out-in-the-open, both at the level of the coordinating institution and within an expanded partnership framework.

In the first case we are referring to *cooperation relationships between the programming department and the other departments in the institution*, as in our opinion these relationships are essential for efficient programming, in line with the existing means of implementation and monitoring. Consequently, the setting up of workgroups with the participation of representatives from the other departments in the institution and the organisation of meetings on a regular basis are the two prerequisites of successful programming.

In this sense, the answers to the queries in the questionnaire indicate the fact that in all MAs and IBs the planning/programming department cooperates with the other departments in the institution that carry out relevant activities in terms of planning/programming. As a rule, the programming department communicates with the other departments in formally or informally established workgroups. Workgroup size ranges from very small (2-4 persons), to relatively large (26 persons). In most cases, in-house workgroup meetings do not follow a regular time pattern. Meetings are held only occasionally in order to solve particular issues that come up during planning and programming processes.

In addition to cooperation relationships between the various institutional departments, another prerequisite of efficient programming is *the use of an extended partnership framework*, otherwise a mandatory requirement for programming Structural and Cohesion Funds.

At present, only 50% of MAs currently use extended partnership structures, while the remaining institutions are in an advanced stage of setting up structures of this type.

Existing partnership structures include both representatives of public administration institutions and various economic and social partners, most participants being officially designated by the institutions and bodies they represent. Partnership structures are made up of 20 persons on average and usually meet on a monthly basis or depending on the need to discuss various elements in the planning and programming documents (analysis, priorities, measures, activities, eligibility and selection criteria, identification of projects, etc.) and to make recommendations on the themes approached.

In addition to these “effective” partnerships, in some cases management authorities also organise wide scale consultative processes attended by a large number of economic and social partners (100 – 300 persons).

In terms of quality, when setting up partnership structures, most MAs select their partners from relevant institutions and organisations in the areas of activity covered by the operational plan or programme.

Insofar as the contribution of partners to the design of operational programmes is concerned, although all MAs consider their partners’ activity useful, several issues occasionally arise owing to lack of experience and insufficient knowledge in programming Structural and Cohesion Funds, which impairs the process of communication between MAs and their partners.

Besides participation in workgroups set up to design the operational programme under coordination, all MAs must take part in the workgroups that design other operational programmes, as well as the workgroups for the holistic planning of national development (for example: the Inter-Institutional Committee for the NDP elaboration), thus achieving a coherent programming, free of any overlap or divergence. IBs are also involved in these partnership structures.

All MAs take part in the workgroups set up to coordinate the overall planning of national development, yet only 50% of MAs participate in the workgroups organised to draw up other operational programmes.

Taking into account both the positive and negative aspects resulting from the analysis of answers received from MAs and IBs, the existence and quality of partnerships set up for planning and programming *scored only 2 of the maximum points (in other words just 50%)*, which reveals the progress made in this direction and the need to continue to expand the partnership framework and increase its efficiency.

#### **4.2. Human resources – programme-design capacity**

If in the area of national and regional development planning in line with EU requirements Romania has made significant progress in the period 1999-2005, the programming activity is quite another matter as no multi-annual programming documents on structural and cohesion funds have been drawn up so far.

Furthermore, most MAs have limited experience in coordinating the development of planning and programming documents similar to those devised in the EU. The main planning and programming documents devised so far are the National Development Plan, National Plan for Agriculture and Rural Development, ISPA Strategy and the Phare Programming Document for Economic and Social Cohesion. As for the evaluation of planning and programming documents, although most have undergone an *ex-ante* evaluation only one has also been subjected to a *mid-term* evaluation.

Nonetheless, development strategies have been devised for all the areas to be covered by structural and cohesion funds programming. In our opinion, the existence of such documents is also extremely important for development planning and programming activities. They ensure on the one hand, that development plans and programmes and the set of development policies at sectoral and regional level make up a coherent whole, and

on the other hand that programme priorities and measures fall in line with the proposed strategic directions.

Another key element of good planning and programming activities is the existence of specialised planning/programming departments within MAs and IBs. Our survey indicates that all MAs and IBs include departments specialised in planning/programming, which are responsible for designing the operational programme and coordinating the consultative process and implementing community support respectively. The size of these planning/programming departments differs among MAs, ranging from relatively large (12-18 persons) which is the case of 3 MAs, to relatively small (3 persons) in other 3 MAs.

Judging from the opinions expressed by the MAs that replied to the queries in the questionnaire, the size of existing personnel is insufficient to design the operational programme. All answers stressed the need to increase the number of staff involved in planning and programming activities by another 1-8 people, in other words between 10%-100%. IBs find themselves in a similar situation.

In terms of professional knowledge and training, in all MAs the personnel involved in planning/programming activities is highly trained in the specific area of activity and has an in-depth knowledge of national and EU legislation on planning/programming, state support, public acquisitions, etc. EU requirements in programming as well as in other relevant areas (for instance: equal opportunities for men and women, protection of the environment, promotion of the information technology society) are also well known. The above-mentioned statement is not however applicable to IBs as some of these admit that some personnel working in programming is poorly, insufficiently trained.

On the whole, less than 40% of personnel employed in planning/programming departments have experience in programming, social-economic studies, devising strategies and quantifying development objectives. In MAs, the percentage of experienced personnel ranges between 20% and 40%. There is only a single MA (with just 3 persons in the planning/programming department) in which all the people involved in planning/programming have relevant experience. In the case of IBs, as rule 1-2 people have experience in carrying out surveys, devising strategies and quantifying development objectives and in two cases none of the people working in the departments have relevant experience.

In addition to professional training and experience of personnel, a decisive factor of management capacity in planning and programming is the promotion of a continuing education and training policy at MA and IB level. The process is all the more important since as we have seen, a large number of personnel (about 60%) lack relevant experience in planning and programming activities. In this sense, it is noteworthy that all MAs and IBs are keen on providing professional training for existing personnel in the form of courses, seminars, study visits, etc. organised by the respective units or by other institutions involved in the planning/programming process. Although all MAs and IBs promote professional training, the length of training periods for employees varies significantly from one institution to the next (from one week to one month per year). All MAs and IBs have already planned future training activities *for existing and recently employed personnel* to confirm the continuing education and training policy currently promoted.

In the context created by the novelty of operational programming for the use of structural and cohesion funds as well as by the lack of experience in the area *the impact of technical assistance received could be decisive*. We are referring to technical assistance received prior to the development of the operational programme as well as to that currently provided, namely when the operational programme is actually designed.

Most MAs (70%) benefited from technical assistance projects prior to the actual design stage of the operational programme, which indicates that personnel involved in planning and programming activities grew familiar with EU experience and requirements in programming as well as in other relevant areas, which resulted in an higher level of personnel qualifications. A similar effect was noticeable in the case of most IBs benefiting from technical assistance provided by Romanian and foreign experts.

Besides technical assistance projects carried out prior to the design of the operational programme, the greater part of MAs (70%) are granted technical assistance in developing operational programmes. Most management authorities consider it to be high quality assistance, a relevant conclusion, as it has direct impact on the actual operational programme design.

Finally, it is essential to *provide adequate working conditions*, the absence of which could negatively affect both the development of the activity proper and the satisfaction personnel should derive from their work. In this regard, the *majority* of planning/programming departments have been equipped with *appropriate logistics* for running planning and programming activities. A single MA and two IBs claimed insufficient and outdated equipment.

It is important to keep in mind that the absence of adequate work conditions can lead to greater employee mobility and implicitly to a lower management capacity at institutional level. This is why ensuring adequate workspace, appropriately furnished and equipped with computers, printers, copying machines, etc. and related consumables are major factors that may influence the efficiency of planning or programming.

To these we must add the *wage level of personnel*, which can also result in increased employee mobility thereby reducing administrative capacity. Consequently, in our opinion all institutions involved in planning-programming structural and cohesion funds must ensure a suitable work environment and a satisfactory pay level.

The wage level is usually close to the national average, (about 900 RON). Although the average wage of personnel in planning-programming departments is similar to that of other departments in management authorities, the application of Law no. 490/2004 on financial incentives for personnel who manage community funds, granted a 75% pay increase to the base salary, thus leading to higher wages for employees in MAs and most IBs (planning-programming departments included) compared to both other institutional departments which do not manage community funds, other public administration institutions in Romania.

Taking into account work conditions and pay level, the mobility of employees involved in planning/programming (especially in MAs) remains low, whether towards other departments in the institution responsible for designing operational programmes or towards other local public administration institutions. However, since the wage-based income (especially in the case of young employees) is far below the average pay offered by many private companies, a, increased employee mobility towards the aforementioned companies is quite possible.

Moreover, despite the low employee mobility over the past year – as is the case of MA personnel involved in planning/programming activities (about 2% overall, while in four MAs no employee has left or requested a transfer), as the private sector continues to grow and wages along with it, we consider that the mobility of employees involved in public administration (including planning and programming activities) is likely to increase.

On the whole, the score for the evaluation of the “human resources” component was *2 points out of the maximum 4 (meaning 50%)*, indicating sufficient capacity to develop programmes while requiring a careful approach to weak points and problem-solving.

#### **4.3. Systems and instruments – programming guides and manuals**

For a fully functional administrative capacity it is essential that the entire planning/programming activity as well as associated activities be well organised by applying a certain methodology to develop operational plans/programmes, by designing work procedures, establishing personnel training plans, etc.

The evaluation of the existing state of programming systems and instruments was based on the answers to questions related to the methodology of designing operational programmes, internal work procedures, and partnerships – cooperation with other departments in the institution covered by the survey.

A noteworthy undertaking for example, is that the Analysis and Programming Department (APD) - in the Ministry of Public Finance, as MA for the Community Support Framework<sup>8</sup>, has developed a *general methodology for Operational Programmes design* which includes a design-calendar. The methodology has been sent to all ministries that play the role of MA for Operational Programmes (OP). The methodology observes the rules and work documents of the European Commission for the 2000-2006 programming period, and takes into account proposals for new regulations corresponding to the period 2007-2013. In turn, MAs disseminated relevant methodologies to IBs according to their area of OP responsibility.

As for the *use of work procedures*, only a single MA has developed a number of work procedures, the rest are only just beginning to establish them. If we corroborate this situation with the fragile structure of some of the planning/programming department in MAs (as already mentioned earlier on, there are cases where the planning/programming department is made up of only 3 employees, of which only one with experience), it is safe to say that the absence of work procedures and detailed methodologies for the design of operational could pose a *major threat* to the actual development of some operational programmes should an experienced employee decide to leave.

Therefore, *it is essential to establish and apply work procedures as soon as possible in order to have efficient planning and programming activities*. Moreover, once in place, work procedures could also partially eliminate the effects of a potential increase in employee mobility and result in more knowledgeable and professional employees

The second requirement – internal partnership framework, cooperation with the other institutional departments has been met to a large extent. All respondents were able

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<sup>8</sup> When the analysis was undertaken the CSF was the document still in force.

to indicate internal collaborators; some even mentioned that workgroup structure changes according to the nature of the issue under discussion, while the number of workgroup members varies as well. In the case of one MA, cooperation with other departments did not take the usual form of meetings but of written consultations (requests for proposals, suggestions, etc.)

Some MAs and IBs hold meetings regularly basis while others meet on a case-by-case basis, when necessary or for follow-up purposes. The meetings cover a broad range of aspects: points of view on new EU structural funds regulations, technical assistance priorities and measures, possible financing schemes, difficulties encountered in applying some of them, analyses, strategies, priorities, measures, financial programming, project portfolios, etc.

Accordingly, the preparatory stage for programming systems and instruments was evaluated at *1.2 points out of the maximum 2 (meaning 60%)*. The most sensitive issue that needs to be resolved quickly is the establishment and application of work procedures, an essential condition for the programming activity as a whole.

## **5. Concluding remarks**

In the pre-accession period Romania's institutional framework for regional policy suffered numerous transformations. The resulted instability for the corresponding structures, especially at national level, induced significant delays in the process of preparing Romania's accession to the EU, being severely criticised within the EU country reports for many years.

These delays have been recovered and the institutional structures required for the EU financial support administration starting with 2007 have been created. Though, a series of problems still need to be solved, such as increasing and strengthening the administrative capacity, employing an extended partnership framework, promoting a continuing education and training policy, elaborating and properly applying work procedures, etc. In another register, an efficient pipeline and co-financing capacity needs to be ensured in order to maximize the absorption of the EU funds. A sound financial management and control for all operational programmes is also required, as well as the implementation and the testing at an early stage of corresponding procedures.

To summarise, creating conditions for a higher capacity of absorption of structural funds means that in the process of putting policies into practice *all principles* – programming, partnership, co-financing, monitoring, evaluation and control are applied in compliance with the EU rules and the European Commission's proposals with regard to efficiency, transparency are entirely understood and carefully observed.

For Romania a very sensitive issue remains and effective and efficient way of *targeting* in the process of employing the financial assistance based, above all, on a very objective, transparent ex-ante project evaluation so as to make sure that the projects of the highest *multiplier effects* (not only direct, but also indirect and induced ones and not only in short run but also in mid- and even longer run) and good chances of implementation in the required period will be selected. This can create the basis for a



healthy regional competition and for a rational vertical and horizontal co-operation at the same time (Constantin, 2005).

The *co-operation* between central and local administration for carrying out programmes of national interest or local projects exceeding the own funding capacity can be considered in this context, as well as the need of co-ordination between local authorities with regard to their development policies.

In author's opinion the whole regional policy evaluation process – in all its phases – should follow a so-called *behavioural approach*: behaviour simply means what people do, as opposed to what they say they do or what they are supposed to do, in legal and institutional terms (Stayner, 1980).

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