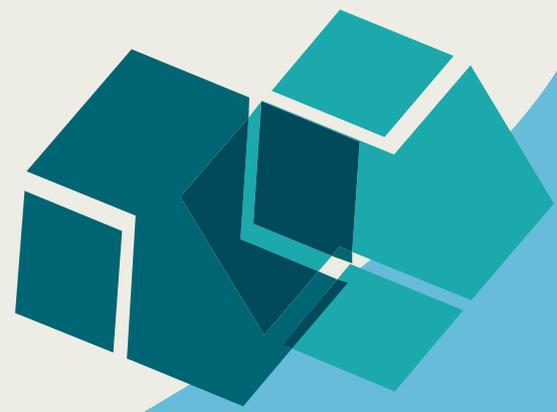




Working Paper Series GRINCOH

Growth-Innovation-Competitiveness
Fostering Cohesion in Central and Eastern Europe



Serie 8
Cohesion and its Dimensions

Paper No. 8.03.04

Suceava County, North-East Region (Romania) Case Study Report

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2014

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Please cite as:

Constantin D., Goschin Z., Bodea C., Stancu I., Ileanu B., (2014), 'Suceava County, North-East Region (Romania) Case Study Report', GRINCOH Working Paper Series, Paper No. 8.03.04

Suceava County, North-East Region (Romania) Case Study Report

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1 Introduction

This case study assesses the achievements of Cohesion Policy in Suceava county (NUTS 3), located in the North-East region of Romania. Suceava county is a relevant case study as an agricultural county, weakly industrialized, with underdeveloped market services. Its border location is one of the factors that have hindered economic growth in the past. Moreover, the North-East region (one of the eight NUTS 2 regions of Romania) is the least developed Romanian region and ranks third among the 'lagging behind' regions of the EU. Considering the regional development realities in Romania, allocations under the Regional Operational Programme (ROP) have prioritised these lagging regions. As a result, the North-East region has been allocated 16.32% of the ERDF for the ROP. To date, the ROP has the highest absorption rate of all operational programmes in Romania, that is around 42%, the North-East region being above this average, with 55.02%. The number of projects in Suceava county represent around 20 per cent of the total number of projects implemented or ongoing in the North-East region, which is an above average among the North-East region's six counties. Hence, the significance of the case study is twofold: on the one hand, it offers a spotlight on a very sensitive area of Romania in terms of regional development level; on the other hand, it discusses the added value, strategic quality and administrative capacity which have made it possible to record results above the average in the implementation process.

In line with the regional problem and the identified needs and strengths, enterprise support has been chosen as the policy heading for this study. There is a clear continuity between the priority axes and key areas of intervention focusing on enterprise support in the ROP 2007-2013 and the enhancement of the SME competitiveness in the Cohesion Policy for 2014-2020, as one of the key areas for economic growth and job creation.

The research has been based on both desk research – with analysis of the most important programming documents and result reports relating to the ROP in Romania and, in particular in the North-East region and Suceava county, accompanied by large volume of data analysis – and interviews with the persons involved in the implementation process – from local authorities to experts and beneficiaries at national, regional and county level. The report has followed the indicated section by the WP8 coordinator.

2 Regional analysis, selection of europe 2020 heading

Suceava is an agricultural county, weakly industrialized, with underdeveloped market services. Its border location is one of the factors that have hindered economic growth in the past. Suceava county is located in the North-East region, the least developed region in Romania (GDP/capita is 0.675 if the national average is 1, while in Bucharest-Ilfov it is 2.063). According to the level of GDP per capita, Suceava County is ranked third in the North-East region, after the counties of Iași and Bacău. In the last five years, the gross domestic product of Suceava County has seen a different evolution of GDP than the North-East region as a whole. Although in 2007 real GDP growth at the county level was double (10.7%) the percentage growth at regional level (5.4%), in 2008, in the context of the economic crisis, GDP dropped sharply, registering a negative growth (-3.9%), well below the regional average (3.6%). By 2009, the gap had widened even more: GDP at county level reaching a percentage reduction of 5%, while at the regional level it was increasing by 9.1%.

Table 1: GDP in Suceava county compared to North-East region

	2007	2008	2009	2010	2011	2012	2013*	2014**
North-East region								
GDP/cap (euro)	3.698	4.011	3.303	3.358	3.555	3.942	4.365	4.826
GDP growth (%)	5.4	3.6	9.1	-3.5	1.3	3.6	4.3	4.5
Suceava county								
GDP/cap (euro)	3.763	3.774	3.242	3.292	3.488	3.867	4.272	4.710
GDP growth (%)	10.7	-3.9	-5	-3.2	1.6	3.9	4.4	4.5

*estimated/ **prognosis/ Source: National Commission of Forecasting

Economic efficiency of both North-East region and Suceava county, as reflected by labour productivity, has been constantly situated well below national average. In accordance with this poor labour productivity, net average earnings per employee in Suceava county represented 92.6 % if the regional average was 100 in 2009, placing the county in second lowest position in the region, while compared to the national average it was only 82% if the national average was 100. The economy of the county is characterised by low GDP per capita: in 2012 it represented 95% of the North-East region average, 83% of Romania and less than 16% of EU28. The growth in GDP per capita was about 16% lower than the national average over the last 15 years prior to the economic crisis (in all cases the average was 100).

Industry is currently recovering from the crisis, recording 20% growth in manufacturing in December 2012 against December 2011 and a 32.2% increase in manufacturing turnover during the same interval. The population of Suceava county has been constantly diminishing since 1992, due to both negative natural increase and out-migration triggered by industrial decline and poverty. Its population reached 614,451 persons (about 3.3% of the Romanian population) in 2011, while population density was 71.8 inhabitants per square kilometre, compared to the national average of 79.9.

The main factors supporting the development process of North-East region and Suceava county in recent years were exogenous ones: export, FDIs (especially in-trade and the wood-working industry), European grants and other funding. Endogenous factors such as innovation and entrepreneurship have played a smaller part in regional development. Other factors with a positive impact on economic growth were the reorganization of the activities of large companies in the food industry to adapt to the market economy, the sustainable development of large firms in the construction and installation sector, the emergence of many new SMEs in the food industry as well as in tourism and also the direct investments in small business based on remittances sent by Romanians working abroad. Manufacturing and agriculture had the largest contributions to the Gross Value Added in Suceava in recent years. The large agricultural area (40.8% of the total area of the county), which is 96.4% private and the high share of agriculture and forestry in the employed population of the county (45.42%) supported the development of agricultural activities.

The economic development of the region depends on the ability to address a large range of obstacles that have hindered the development process so far: difficult access to finance for small producers (such as farmers) and SMEs, lack of a long term vision for the development of the county, insufficient support for innovation and entrepreneurship, complex procedures for accessing European funds and delays in reimbursement payments, frequent legislation changes; perpetuation of de-industrialization process; lack of investment in the environment (e.g. in waste collection and recycling, renewable energy); inadequate use of agricultural land and the large share of subsistence

farming; lack of tax incentives for new investment; lack of own funds for investment and expensive credit; unequal and strong competition from foreign private companies entering any market where they find opportunity; reduced innovation and competitiveness in competition with foreign investors; an education system that fails to mobilize students to improve skills through training and lack of vocational secondary education, poor infrastructure, etc.

Regional and local policies need to have more impact in terms of increasing FDI attractiveness, export development, innovativeness, entrepreneurship, changes of economic structure, labour markets, human resource development and social cohesion. Regional fiscal policy might significantly influence FDI, entrepreneurship, labour markets, etc. In the past, there was positive impact of local taxes level and legislative stability on the development of the business environment. The local administration had a series of interventions, such as development aids, aids for firms in difficulty, assistance for pensioners and poor families. Suceava County Council ranks among the top county councils in Romania in terms of the projects initiated. These projects have mainly contributed to the overall development of localities, raising living standards, supporting tourism, agriculture and the development of various industries. The local chamber of commerce and industry has supported professional reconversion and training programmes, has initiated contacts between firms and opened the door for them to various opportunities. Public-private partnerships have also been encouraged.

To a large extent, there is a perception in the region that both the national and EU interventions address regional needs. The most relevant examples refer to industrial parks policy, environmental preservation, sustainable development of tourism in the Bucovina area, farmer support policy, forestry and timber processing, etc. Interviewees also highlighted the lower taxation policy for firms applied in the second half of the 1990s in order to support disadvantaged areas. Suceava county was a relevant case as a result of the closure of non-ferrous mining in the county at that time. However, the policy did not produce the expected results as many firms in the disadvantaged areas did not use local material resources and the local labour force. Regional policies are perceived as long-term policies, whereas sectoral ones are viewed as more focused, confined to some punctual objectives. There is not a clear opinion among interviewees about whether sectoral or regional policies have the most significant impact: some respondents rank first the regional policies, others – the sectoral ones. The emphasis is rather on the complementarity between sectoral and regional policies, with the former being supported by the latter. However, there is a significant concern about increasing urban-rural disparities: the interviewees acknowledge the coherent approach of the ERDF based interventions and those financed by other sources but there are still problems in terms of complementarity. A stronger correlation is needed especially between ERDF, EARDF and Cohesion Fund supported programmes. ESF should also be included in this, as well as the support received from the World Bank. The impact of the horizontal policies is considered too, especially when it comes to the free movement of persons: labour migration has created important sources of revenues for family members who remain in the region and even for local development (e.g. small businesses) via remittances.

Suceava still remains a 'lagging behind county', and according to some of the interviewees (DAC, AP, MA, DM) one of the reasons for this situation is the poor prioritisation of specific territorial needs in regional strategies. A pessimistic opinion is that the only decision to produce real impact has been the national decision related to the ROP to include Suceava municipality among the urban

development poles(NN). Most interview responses indicate infrastructure development policy, the support to tourism promotion and human resource development as the most important directions from the perspective of accessed funds and results of implemented projects. Drawbacks are still identified with regard to the insufficient correlation between various regional policies, insufficient consideration of territorial potential (capital) and weak consultation and collaboration between actors interested in the county's development. For example, tourism policy has not been fully integrated with the process of improving transportation infrastructure improvement, which is a basic requirement for its success. Similarly, the stimulation of some industrial sectors should have been clearly, directly correlated with professional training programmes specifically tailored to those sectors. Interviewees also mentioned the lack of foresight and strategic vision for the hierarchy and correlation of local needs. Related to this is the issue of project approval being based on strictly financial considerations, accompanied by the 'uninspired' restrictions regarding the allocation of specific funds to various projects, e.g. implementing projects for water supply network without a sewage system for the used water because the funds for sewage projects had already been used; a water network without hydrant points for fire situations; the creation of a green area on the commune's pasture, etc.(mentioned by MS, CF, AP, MA, MU).

The development strategies of the North-East region and Suceava county, respectively, are built around the Cohesion Policy objectives, aiming to take full advantage of the funding opportunities they provide. Cohesion policy is perceived to have provided important support in overcoming the effects of the financial crisis, creating jobs for young people and increasing the competitiveness of SMEs. Hence, competitiveness and social well-being are almost equally emphasised in the county. Yet, in some cases, taking into account that the North-East region is the poorest in Romania and one of the poorest in the whole EU, there is some specific focus on addressing social issues (e.g. through food aid for the poor).

The main opportunities of Suceava county – associated with its strengths – identified by interviewees - refer to sustainable tourism development and the promotion of the area's natural attractions and historic monuments, as well as rural tourism, the ecological orientation of agriculture, good quality of human capital, cross-border cooperation, collaboration with other local public administrations in Romania (SG, GP, DM, MU, CF). The threats – associated with the weaknesses – are more numerous and include economic instability and investors' lack of trust in the region's potential, incomplete process of decentralisation, economic dependence on the wood market, an intensifying process of demographic ageing and out-migration of the skilled labour force (to both other countries and other regions of Romania), lack of interest and de-motivation with regard to professional training, high rates of school leaving because of poverty reasons and lack of prospects for school leavers in relation to the labour market, increasing pressure on the environment and bio-diversity (air, water and soil pollution, the deforestation issue, etc.), the low attractiveness of rural areas and small towns, the deepening of the urban-rural gap etc. (mentioned by MS, CF, NN, AP, DAC, MA).

- **Identification of the Europe 2020 policy heading that is the focus of the study.**

In line with the regional problem and the identified needs and strengths, enterprise support has been chosen as the policy heading for this study. There is clear continuity between the priority axes and key areas of intervention focusing on enterprise support in the ROP 2007-2013 and the

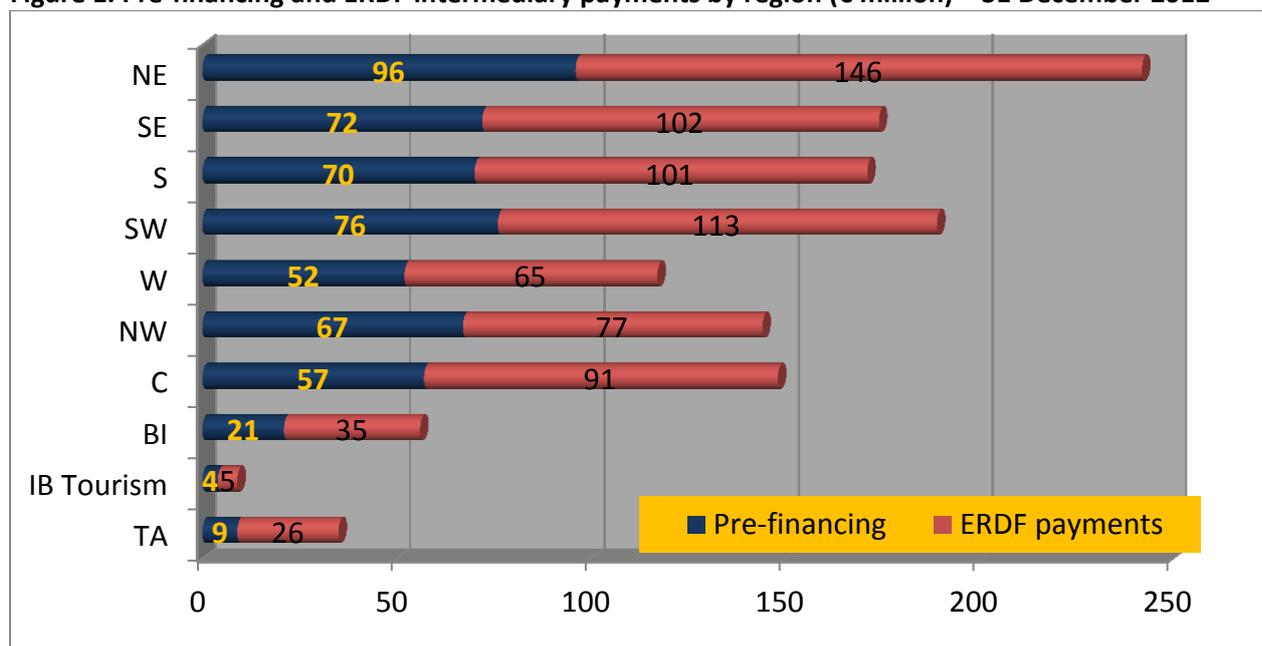
enhancement of SME competitiveness in the Cohesion Policy for 2014-2020, as one of the key areas for economic growth and job creation. Thus, the ROP 2007-2013 not only contains a key area of intervention (No.4) entirely dedicated to strengthening the regional and local business environment but also indicative operations referring to business environment within “Support to sustainable development of urban growth poles” and “Sustainable development and promotion of tourism” priority axes (No.1 and No.5, respectively). Moreover, enterprise support cannot be separated from innovation and labour market oriented support, these two headings also contributing to the business environment consolidation and increasing performance. Also, it should be noted that the ROP is funding infrastructure investments (hard investments), while innovation (understood in terms of the Oslo Manual) includes investments in SMEs.

3 Assessment of performance

3.1 Financial performance

Between the launch of the ROP in 2007 and the end of 2012, Romania received from the European Commission a pre-financing amounting to €335 million, that is 9% of the total allocation for the ROP 2007-2013 via ERDF and intermediary payments equal to €920.34 million, that is 24.7% of the same allocation. The pre-financing and ERDF payments by region (plus the Intermediate Body for Tourism and Technical Assistance Axis) is presented in Figure 1.

Figure 1. Pre-financing and ERDF intermediary payments by region (€ million) – 31 December 2012



Source: own processing based on www.inforegio.ro data.

The most substantial volume of payments went to the North-East region, more than 35% being associated with road infrastructure projects. This situation is similar to the other regions, where payments under the same heading accounted for 35%-50%. There are also high shares for urban development projects (20% in the North-East region), micro-enterprise support, education infrastructure and cultural patrimony.

The National Strategic Reference Framework (NSRF) 2007-2013¹ has established the reduction of the economic and social disparities between Romania and other EU Member States as an overall policy goal. This goal is correlated with the regional convergence issue, which is reflected by the 'balanced territorial development' priority of the NSRF and the ROP. It is also correlated with the thematic priorities of the NSRF, namely basic infrastructure, long-term economic competitiveness, human capital, and administrative capacity². The EU allocations by each operational programme (ROP included) funded via the "Convergence" objective are presented in Annex 1 (second column).

The general objective of the ROP is 'sustainable, territorially balanced economic and social regional development, concentrated on urban growth poles support, infrastructure and business environment improvement, so as to make the Romanian regions attractive for investors and inhabitants'. The five Priority Axes derived from this objective relate to the sustainable development of the urban growth poles (30% of the ROP budget), improving the regional and local transport infrastructure (20.35%), improving the social infrastructure (15%), supporting the regional and local business environment (17%), and sustainable tourist development and promotion (15%).

These regional development objectives confirm the equity-efficiency approach employed by policy-makers. Thus, when the objectives of regional development for the 2007-2013 period were first discussed, the emphasis was put on clear support to the lagging regions, and the approach was nuanced so that the general objective of the ROP became 'balanced regional development'. The indicative regional allocations of the EU funds under the ROP were differentiated in inverse proportion to the development level, thus offering priority to the lagging regions. However, to avoid entirely neglecting the needs of the developed regions (and especially Bucharest-Ilfov), this criterion has been amended in terms of population density³. The indicative allocations are presented in Table 2, pointing to the North-East region as the first ranked beneficiary in the distribution hierarchy.

Also, Annex 2 shows the initial ROP allocation by development region, priority axis and key area of intervention, in 2007. Since then, various re-allocations took place, but only between priority axes, key areas of interventions within the same region. The allocations by region have remained unchanged.

Taking into consideration that the needs are bigger than the allocated amounts for the programme, a large number of projects was submitted. According to information received from the experts of the Ministry of Regional Development and Public Administration (especially LR), the ROP allocated funds are over – contracted, but there are still projects in the reserved list (see Annex 1).

¹National Strategic Reference Framework 2007-2013, Final Version, <http://www.fonduri-ue.ro/upload/118786170647.pdf>

² See Constantin, D.L., "Advances in Implementing Cohesion Objectives: Regional Policy Developments in Romania, 2011-2012, EORPA –EPRC, 2012.

³Idem.

Table 2: Basic indicators for the Romanian NUTS 2 regions and the Regional Operational Programme funding by region

NUTS 2 Region	GDP per capita in 2004, PPS	Population in 2004	ERDF for ROP	
	% of EU27 average	% of Romania's total population	€ million	%
North-East	24	17.2	724.09	16.32
South-East	31	13.2	587.88	13.25
South Muntenia	28	15.4	631.36	14.23
South-West Oltenia	28	10.7	621.60	14.01
West	39	8.9	458.77	10.34
North-West	33	12.7	536.41	12.09
Centre	34	11.7	483.62	10.90
Bucharest-Ilfov	68	10.2	393.10	8.86

Source: Own calculations based on Eurostat and www.inforegio.ro.

The ROP has been conceived as an ambitious programme aiming at supporting a geographically balanced growth process by giving it a more specific local and regional dimension and allowing the different territories of Romania to develop based on their specific resources. It is based on local needs and local potential and the diversified development paths the various areas of the country may take considering their history, strengths and resources. In other words the ROP is supporting a bottom-up local development approach, complementary to the structural top-down national sectoral development approach envisaged in most of the operational programmes.⁴

The current situation concerning the financial attribution and absorption of the EU funds by operational programme is presented in Annex 1. One can notice that the highest absorption rate is reached by the ROP. Also, Table 3 provides a synthesis of the financing contracts and payments to beneficiaries for the ROP by 18 October 2013, with the North-East region ranking first (55.02% is the share of eligible value in the payments to beneficiaries for this region).

Table 3: Financing contracts and payments by region within the ROP – 18 October 2013

Region	Population (million people)	Financing contracts	Payments to beneficiaries	
		(€ million)	Value (€ million)	Share of eligible value (%)
North-West	2.7	463.89	191.86	45.30%
Centre	2.63	417.54	187.82	49.20%
North-East	3.8	632.67	315.00	55.02%
South-East	2.8	458.53	217.18	46.80%
South-Muntenia	3.45	571.71	207.26	41.60%
Bucharest-Ilfov	2.2	301.92	83.43	26.90%
South-West	2.4	536.04	247.82	50.50%
West	1.9	422.95	166.33	46.00%

Source: Authors' processing based on <http://www.inforegio.ro>

As far as the enterprise support heading is concerned, Annex 3 offers an overall picture of the allocations from ERDF, State Budget and own sources for the whole North-East region and for Suceava county as well. It should be mentioned that only Priority Axis 4 - Supporting the regional and local business environment is entirely related to the analysed heading. The best spending

⁴Regional Operational Programme 2007-2013, Romania, <http://www.candcgroup.ro/docs/REGIONAL%20OPERATIONAL%20PROGRAMME.pdf>, p.117.

performance is found for Priority 4 Measure 3 ‘Supporting the development of micro-enterprises’, where the allocations are around the county average in the North-East region.

Table 4: Framework for assessment of financial performance

	Strong (A)	Significant (B)	Moderate (C)	Weak (D)
	Most or all funds committed, no decommitment, substantial level of payments made	Above-average commitment of funds, below-average decommitment, above average level of payments made	Average or below-average commitment of funds, above-average decommitment, payment levels below average	Significantly below average commitment of funds, and/or significantly above average decommitment, payments made significantly below average
Regional Operational Programme 2007-2013				
1.1 Integrated urban development plans				
4.1 Development of sustainable business support structures of regional and local importance				
4.3 Supporting the development of micro-enterprises				
5.2 Creation, development, modernization of the tourism infrastructure for sustainable valorization of natural resources and for increasing the quality of tourism services				

Note: The assessment is made at the ROP level. It is also valid for the North-East region considering that it has the highest absorption rate.

However, there are projects that can be also related to enterprise support within Priority Axis 1 – Sustainable development of the urban growth poles and Priority Axis 5 –Tourism sustainable development and promotion. They have been individually selected for calculating the corresponding sums by allocation source. The calculations show that until 30 September 2013 Suceava county had no enterprise support related project financed via “Integrated urban development plans” area of intervention (1.1.) and is below the average for “Creation, development, modernization of the tourism infrastructure for sustainable valorization of natural resources and for increasing the quality of tourism services” (5.2), despite the major tourism potential of this county. This situation can be explained by the fact that in the case of these two priority axes, only projects envisaging enterprise support within the two areas of intervention were selected for calculation and such projects are expected to be finalised in the remaining implementation period (up to the end of 2016, in financial terms). For example, in April 2014 Suceava county appears with a finalised project regarding a centre for supporting Bucovina’s traditions (belonging to Priority Axis 1). Moreover, within this axis only local public authorities are eligible. As the co-financing rate for business environment is high (considering the state aid regulations, applied to local public administration as well), local authorities chose to finance public interest projects rather than to act as an economic actor. In the case of the other priority axes the beneficiaries were more diverse – SMEs, NGOs, religious institutions, etc.

3.2 Physical performance

The interviewed experts of the Ministry of Regional Development and Public Administration (LR, IT, SO) indicate that to date the physical programme indicators corresponding to the key areas of intervention relating to enterprise support have been accomplished. However, the exact value of these indicators can be reported not earlier than 31 December 2015, when the implementation of all contracts will be finalised.

Table 5: Targets and physical indicators for the contracted and finalised projects in relation to enterprise support – end of October 2013

Priority Axis	Indicator	UM	ROP target	Indicator values corresponding to the contracted projects		Indicator values corresponding to the financially finalised projects	
PA 1	Accepted integrated urban development plans	No.	30	95	317%	0	0%
PA 1	Projects promoting the sustainable development of the business environment	No.	15	25	167%	2	13%
PA 1	Inhabitants benefitting from the implementation of the integrated urban development plans integrate de dezvoltare urbană	No.	400,000	28,440,571	7110%	5,509,805	1377%
PA 1	Firms attracted in business structures (calculated after two years from the project completion)	No.	400	314	79%	13	3%
PA 1	New jobs created	No.	1,500	1,683	112%	29	2%
PA4/KIA 4.1	Structures for supporting the assisted businesses	No.	17	76	447%	20	117.6%
PA4/KIA 4.1	New jobs created	No.	3,000*	9,892	330%	1928	64.3%
PA4/KIA 4.1	SMEs attracted in business structures (calculated after two years from the project completion)	No.	*	1210	na	287	na
PA4/KIA 4.1	Employment rate in business structures	%	50	0	0%	0	0.0%
PA4/KIA 4.1	The newly created useful area in the business structures	Sq m	na	80,697	na	22,075	na
PA4/KIA 4.3	New jobs created	No.	3,000	7,925	264%	5,949	198.3%
PA4/KIA 4.3	Micro-firms financially assisted	No.	1,500	1,731	115%	1319	87.9%
PA5/KIA5.2	Tourism – Leisure projects	No.	300	112	37%	48	16.0%
PA5/KIA5.2	New jobs created	No.	800	2,027	253%	674	84.3%
PA5/KIA5.2	SMEs financially assisted	No.	350	68	19%	43	12.3%
PA5/KIA5.2	Tourists arrived in the accommodation structures	No.	400,000	252,066	63%	188,298	47.1%

Source: own processing based on www.inforegio.ro data (from the Monitoring Committee Report)

The targets and the actual values of the physical indicators corresponding to the contracted and finalized projects in relation to enterprise support at the ROP level at the end of October 2013 are presented in Table 5. The big variations between indicator values come from the two different categories of indicators included in this table, namely output indicators and result (impact) indicators (in bold, grey). The latter cannot be fully established before the end of the ROP implementation period, i.e. end of 2016. Only at that time will a complete account of the result

indicators corresponding to all finalized projects be available. So far, the existing situations are only particular ones. As far as the output indicators are concerned, the percentages above 100% show that the targets have been exceeded. The columns corresponding to contracted projects and financially finalized ones, respectively, and the differences between them point to cases when projects are physically completed but the final project payments have not yet been made.

In addition, Table 6 and Table 7 present the top 10 projects (in terms of value) in the North-East region and Suceava county. In both cases only two projects are directly connected with the enterprise support heading but the other projects – most of them focused on transportation infrastructure - also contribute to a better development of the business environment by increased accessibility.

Table 6: Top 10 projects in the North-East region (based on the project value)

Nr. crt.	Project	Key area of intervention	Beneficiary	County	Total value	ERDF
1	Rehabilitation and modernization of the DJ 244 B county road, between CRETESTII DE SUS - MURGENI KM 0 + 000 - KM 55 + 780	2.1 Rehabilitation and modernization of the county roads and urban streets network- including construction/rehabilitation of ring roads	TAU Vaslui County	Vaslui	95,668,654	69,652,718
2	Rehabilitation and modernization of the 252 county road, Huruiesti-Gaiceana - Parancea-Bibiresti-Buhoci Bacau	2.1 Rehabilitation and modernization of the county roads and urban streets network- including construction/rehabilitation of ring roads	Bacau County	Bacau	93,459,814	68,102,623
3	Traffic management system in Iasi Municipality	1.1 Integrated urban development plans	Iasi Municipality	Iasi	91,182,309	59,111,732
4	Development of the road network in the cultural, historical and touristic areas of the Iasi municipality	1.1 Integrated urban development plans	Iasi Municipality	Iasi	91,134,027	59,223,042
5	Development of the East-West transport axis in Iasi municipality	1.1 Integrated urban development plans	Iasi Municipality	Iasi	90,792,099	58,651,690
6	Modernization of the tramlines network inside the growth pole	1.1 Integrated urban development plans	TAU Iasi Municipality	Iasi	89,430,416	71,857,340
7	SPASIA - LEISURE CENTER AND SPA	5.2 Creation, development, modernization of the tourism infrastructure for sustainable valorization of natural resources and for increasing the quality of tourism services	VALGOS Ltd, Iasi	Iasi	88,666,804	43,813,117
8	Regional tourist and sports leisure park Cornisa Botosani	5.2 Creation, development, modernization of the tourism infrastructure for sustainable valorization of natural resources and for increasing the quality of tourism services	Botosani Municipality	Botosani	87,995,331	33,431,938
9	North-south axis of development: Octav Bancila passage	1.1 Integrated urban development plans	Iasi Municipality	Iasi	87,862,477	56,928,441
10	Development and rehabilitation of the southern way traffic – Iasi municipality	1.1 Integrated urban development plans	Iasi Municipality	Iasi	87,680,045	56,933,525

Source: own processing based on www.inforegio.ro

Table 7: Top 10 projects in the Suceava county (based on the project value)

Nr. crt.	Project	Key area of intervention	Beneficiary	County	Total value	ERDF
1	Street, bridge and passage rehabilitation, modernization of parks and creating modular stations for public transport in Suceava municipality	1.1 Integrated urban development plans	Suceava Municipality	Suceava	66,511,712	44,692,798
2	Rehabilitation of the Suceava fortress and its protection area	5.1 Restoration and sustainable valorization of cultural heritage and setting up/ modernization of related infrastructure	Suceava, Stefan Cel Mare No.36 Str.	Suceava	52,598,065	35,589,078
3	Modernization of the county road 174, VATRA DORNEI - SARU DORNEI - PANACI, KM- 0+000 - 22+000	2.1 Rehabilitation and modernization of the county roads and urban streets network- including construction/rehabilitation of ring roads	Suceava County Council	Saru Dornei, Panaci, Vatra Dornei	38,720,078	28,187,286
4	Rehabilitation of the central area of Suceava city by creating underground passages, rehabilitating pedestrian ways and street	1.1 Integrated urban development plans	Suceava Municipality	Suceava	37,807,346	24,460,915
5	Modernization of the county road 178, Ilisesti-Ciprian Porumbescu, KM 36 + 150 - 44 + 000, Suceava county	2.1 Rehabilitation and modernization of the county roads and urban streets network- including construction/rehabilitation of ring roads	Suceava County	Ilisesti, Ciprian Porumbescu	34,431,586	23,912,321
6	Modernization of the county road 175B (reconsidered from DIN DC 90 A , based on H-G- NR- 540/2000), KM 0+000 - 15+800, POJORATA – RARAU	2.1 Rehabilitation and modernization of the county roads and urban streets network- including construction/rehabilitation of ring roads	Suceava County Council	Pojorata	31,180,788	22,687,218
7	Modernization of the county road 209D, DARMANESTI - CALAFINDESTI - SIRET, KM 21+500- 48+340, SUCEAVA county	2.1 Rehabilitation and modernization of the county roads and urban streets network- including construction/rehabilitation of ring roads	Suceava County Council	Gramesti, Darmanesti, Serbauti, Calafindesti	26,597,694	19,344,688
8	Restoration and conservation of the cultural heritage and modernization of the related infrastructure at Dragomirna Monastery, Suceava County	5.1 Restoration and sustainable valorization of cultural heritage and setting up/ modernization of related infrastructure	Dragomirna Monastery, Mitocu Dragomirnei, Suceava County	Mitocu Dragomirnei	25,722,330	17,819,133
9	Modernization of the urban public areas in the districts Stadion, Centru and Bodea-Campulung Moldovenesc, Suceava County	1.1 Integrated urban development plans	Campulung Moldovenesc Municipality	Campulung Moldovenesc	24,974,629	15,731,133

10	Modernization of the county road 177, POIANA MICULUI - SUCEVITA, KM 10 + 000 - 20 + 875, Suceava county	2.1 Rehabilitation and modernization of the county roads and urban streets network- including construction/rehabilitation of ring roads	Suceava, Stefan Cel Mare No.36 Str.	Gura Humorului, Sucevita	20,982,340	14,572,159
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Source: own processing based on www.inforegio.ro

Table 8: Framework for assessment of physical performance

	Strong (A)	Significant (B)	Moderate (C)	Weak (D)
	Targets exceeded, above average for the programme as a whole	Progress towards targets on track, average for programme as a whole	Progress towards targets behind schedule, below average for programme	Progress towards targets severely constrained, Significantly below programme average
Regional Operational Programme 2007-2013				
1.1 Integrated urban development plans				
4.1 Development of sustainable business support structures of regional and local importance				
4.3 Supporting the development of micro-enterprises				
5.2 Creation, development, modernization of the tourism infrastructure for sustainable valorization of natural resources and for increasing the quality of tourism services				

3.3 Added value

From the very beginning the whole ROP was conceived so as to generate added value in various ways. For example, as Romania in general and the North-East region in particular suffer from the lack of proper transport infrastructure important funds have been allocated for this axis. Further on, it helps to enhance the accomplishment of the objectives established for other axes such as ‘Support to sustainable development of urban growth poles’ (Axis 1), ‘Strengthening the regional and local business environment’ (Axis 4) or ‘Sustainable development and promotion of tourism’ (Axis 5). In turn, a better local business environment or tourism development create additional sources of revenues for local budgets which can be used for rehabilitation or modernization of county and local roads. At the same time, a better business environment, a better transport infrastructure, in general better accessibility can contribute to attracting more foreign investors in the region, etc.

Enterprise support, funded via the whole Axis 4 and Key areas of intervention 1.1 and 5.2 has a special significance for the development of the local business environment and for the whole regional and local economy as well. A series of multiplier effects are created in terms of output, employment and income, attracting new activities, new areas (spread effects) in the development process. Some insights into these effects are illustrated in Table 9, which displays the ROP targets and physical indicators for the contracted and finalised projects in relation to enterprise support. Also, investments in SMEs, understood in the Oslo manual terms, can be considered innovation-driven investments.

Analysis of various evaluation reports⁵ as well as the interpretation of the experts' opinions show that the added value of the ROP performance varies in financial, strategic, operational, accountability and democratic terms (see Table 9).

Table 9: Framework for assessment of programme performance: added value

Added value	Strong (A)	Significant (B)	Moderate (C)	Weak (D)
Financial	Substantial financial partnerships in operation - pooling of private and public co-financing	Substantial financial partnerships in operation but dominated by public resources	Limited leverage of additional funding, mostly public and at project level	Availability of additional funding severely constrained
Strategic	CP programming principles now evident across all domestic policy systems CP objectives and priorities comprehensively and explicitly incorporated into domestic strategies (e.g. RTDI, business support etc.)	CP programming principles apparent in domestic policies most relevant to CP priorities CP objectives and priorities given explicit reference in relevant domestic strategies	CP programming principles only apparent in CP strategies Limited explicit reference or implicit reference to CP in relevant domestic strategies	CP programming principles only apparent in CP strategies No reference to CP in relevant domestic strategies
Operational	CP systems for project generation, appraisal and selection have produced innovative approaches that are now embedded across domestic policy system	CP systems for project generation, appraisal now evident in some specific domestic policies	Some elements of CP systems for project generation, appraisal and selection evident in a limited number of domestic policy systems	CP systems for project generation, appraisal not fully operational or not used outside of CP programmes
Accountability	Extended use of CP monitoring, reporting, financial management and evaluation requirements across domestic public policy system	Use of CP monitoring, reporting, financial management and evaluation requirements in some domestic policies	Use of some elements of CP monitoring, reporting, financial management and evaluation requirements in a limited number of domestic policy systems	CP monitoring, reporting, financial management and evaluation systems not fully operational or not used outside of CP programmes
Democratic	Increased consultation, partnership-working structures in policy-making, derived from CP partnership principle	Increased consultation, partnership-working structures evident in some domestic policies	Partnership-working and consultation associated with CP, limited evidence of structures but some elements evident in a limited number of domestic policy systems	Partnership-working, consultation in CP weak, not in evidence outside of CP

Note: The chosen variant (after collecting experts' opinions) is marked with grey.

Thus, there are good partnership structures established in accordance with the cohesion policy principles, also reflected financial partnerships. Concerning domestic plans and policies, however, the application of cohesion policy principles, mechanisms, project appraisal and selection procedure seems to bring about only moderate added value. Even if each Romanian region elaborated its own development plan, the implementation and monitoring of these plans does not represent a bold activity at region's level for multiple reasons. For example, the responsibility of implementing these

⁵ e.g. The evaluation of the regions' administrative capacity in regional development field, December 2011, available at [http://www.inforegio.ro/images/regio2007-](http://www.inforegio.ro/images/regio2007-2013doc/Rapoarte_de_evaluare/Rezumat_executiv_raport_de_evaluare_FINAL_0.pdf)

[2013doc/Rapoarte_de_evaluare/Rezumat_executiv_raport_de_evaluare_FINAL_0.pdf](http://www.inforegio.ro/en/rapoarte-de-evaluare-en.html)

<http://www.inforegio.ro/en/rapoarte-de-evaluare-en.html>

plans is not clearly established in administrative terms at regional level as long as, according to the Regional Development Act still in force⁶, the Romanian NUTS2 regions do not have legal personality.

4 Strategic quality

The North-East Regional Development Plan 2007-2013 was elaborated in partnership by thematic working groups at county and regional level as well as by the North-East Regional Planning Committee. The county working groups (six – one for each county) included members representing county councils, local authorities (municipalities, towns, communes), prefectures, employment agencies, environmental protection agencies, school inspectorates, public health directorates, directorates for agriculture and rural development, county's statistics directorates, chambers of commerce and industry, universities, banks, etc. The regional working groups included representatives of the county working groups designated for specific themes, i.e. the development of human resources and social services, agriculture and rural development, business environment development, tourism and environment infrastructure. The results of their debates were reflected in the socio-economic analysis, periodically updated, the SWOT analysis and the regional development strategy. Similarly, the Regional Operational Programme (ROP) includes socio-economic analyses for each of the eight NUTS2 regions, setting out their profile, then reflected in the national strategy for regional development. Partnership has also been applied for the elaboration of the ROP. The analyses undertaken for Suceava county and the North-East region at both national and regional levels, carried out, in a correlated manner, have identified a series of issues synthesised below.

During the communist regime, the economy of the region was heavily industrialized, but inefficient. The leveling of Romanian society during the communist regime discouraged any individual initiative. Therefore, one major problem arising in the context of the transition to a market economy was related to lack of entrepreneurial skills and the transformation process of the regional economy has not been fully effective or efficient. Industry strongly declined during transition to the market economy, large holdings of former agricultural production cooperatives were left in decay, unemployment and poverty emerged.

Following the privatization of state property and the emergence of private-owned enterprises, the private sector gradually grew. Greater flexibility of private entrepreneurs has led to the development of economic activities in the service sector. For instance, passenger and freight transportation is now served mainly by private road transport companies, both to national and international destinations. Trade has also developed and many new hypermarkets and shopping malls have been built in recent years, especially prior to the crisis. Positive post-transition transformation is also visible in the sector of wood exploitation, improvement of local production in the food industry, development of trade and tourism, as well as emergence of many new SMEs. Like all Romanian regions, North-East experienced high increase in economic and social inequality following the transition to market economy and the negative effects of social polarization. Due to the diminishing of public property and the emergence of small private property during the transition period, many large enterprises, which absorbed most of the regional workforce, disappeared. This has led to increased unemployment, and massive labour migration to European countries, mostly to Italy, UK, Spain. Also, the impoverishment of population, population aging and vulnerability resulted

⁶ Legea 315/2004 privind dezvoltarea regionala in Romania, <http://www.fonduri-structurale-europene.ro/legislatie/legea-315-2004.html>

in a decline of domestic entrepreneurial interest. During the transition to market economy, there was a steady rise in self-employed workers, especially in agriculture, where they account for almost a half of the workforce.

Both agriculture and manufacturing, the dominant sectors in the regional employment, have been declining on the long-run, while trade and other services are on the rise. The most dynamic sectors in recent years were wood exploitation and processing, food industry, especially local livestock products, trade and services, and the financial sector. Tourism expanded and significant investments were made in guest houses and hotels. Tourism has greatly developed in hill and mountain areas. Retail owns significant shares in both turnover and total number of employees, as a large part of the companies in this sector are located in the villages of the county (in some cases being nearly the only ones in locality). In 2009 wholesale and retail hold 46.99% of the total turnover of companies in the county and 29.75% of their total staff, while manufacturing holds 26% of total turnover and 28.79% of their total staff. Employment in agriculture holds the highest and share in total and was stable at about 46%, well above the national average, for two decades.

In the last few years the economic and financial crisis had negative yet uneven effects throughout the region, depending on the specific local economic structure. In Suceava county mining and quarrying was the industry most severely hit by the crisis. The construction sector has been deeply affected as well. Most public and private investments (excluding those which have received EU funding) have been suspended. High reductions in turnover also occurred in trade and other services. Effects of the crisis were felt most intensely during 2009 – 2010 when have taken place massive restructuring in industry and commerce, the collapse of the construction sector and the lack of liquidity in the banking sector was severe. The activity of micro-, small and medium-sized business in trade and other services has dropped significantly due to lower purchasing power of the population and the banks' restrictions on loans for private firms' investment. The population was also affected by decreased job security, growth in unemployment, lower incomes, etc. The harsh austerity measures adopted by the Romanian Government (such as 25% reduction of wages in the public sector, increased VAT that brought about higher prices, etc.) in the context of the economic crisis determined a severe drop in the purchasing power. The number of people at high risk of poverty consequently increased.

The level of unemployment rate in Suceava county had constantly been over the national average. Unemployment rate reached a peak of 13.7% in 1998 the context of economic downturn that accompanied the transition to the market economy. Sustained economic growth in the 2000s, combined to massive external migration of the workforce reduced the unemployment rate to a minimum of 3.7% in 2008. Therefore unemployment rate may not be a suited indicator for the assessment the current workforce situation. The step decline in the activity rate – from 92.7% in 1992 to 54.5 in 2011- reveals the scale of the problems on the local labour market.

To summarise, the main strengths and opportunities of Suceava county resulted from the SWOT analysis point to the rich natural resources, the ecological orientation of agriculture, the good basis for mountain, rural and cultural tourism, the good quality of human capital, the geographical location favouring the cross-border cooperation, etc. On the other hand, the weaknesses and threats refer to the economic instability associated with the incomplete decentralisation, inducing investors' doubts about region's potential, the economic dependence of wood market, the amplifying of the

demographic ageing and out-migration of the skilled labour force, low interest in professional training, high rates of school abandon because of poverty, low attractiveness of small towns and some rural areas, the increase in the rural-urban gap, poor infrastructure, lower availability, accessibility and quality of social services compared to the national average, various forms of environmental degradation, etc.

The ROP has continued the implementation of the measures meant to respond the problems identified at regional level. The interventions undertaken via Cohesion Policy represent a continuation of the pre-accession programmes (funded by Phare, ISPA and SAPARD) but also aim to correlate with the new realities mirrored by the European and national policies.

The strategy is built on comprehensive analyses and is in line with the requirements of the Regional Development Law (Law 315/2004), the Decentralisation Law (Law 339/2004) and other relevant laws. It is also based on the provisions of the Community Strategic Guidelines for the 2007 – 2013 period, the Lisbon Agenda, particularly regarding preconditions for growth and also the EU Territorial Agenda, envisaging the support for a balanced territorial development. The ROP strategy is correlated with the NSRF provisions, contributing to “the achievement of its global objective, related to reducing the social and economic development disparities between Romania and the other EU Member States”⁷.

The external coherence with different EU Funds as well as the internal coherence with other domestic policies have been explicitly taken into consideration when the ROP was elaborated, in line with the specific requirements formulated in this respect by the European Commission for all operational programmes. The findings are presented in Table 10. An important remark is that the domestic policies themselves gravitate around the European ones. For example, the domestic support to SMEs is built as a complement to the EU funding, as announced by the new SME Law issued in October 2013.

Table 10: ROP external coherence with different EU policies and internal coherence with other domestic policies

EU Policy and Main Provisions	EU Policy Reflected in Proposed ROP priority axes
<p><i>Community Strategic Guidelines for Cohesion 2007-2013</i> The main priority axes of the document are: - Improving the attractiveness of Member States, regions and cities by improving accessibility, ensuring an adequate quality and level of services and preserving the environmental potential - Encouraging innovation, entrepreneurship and the growth of the knowledge economy - Creating more and better jobs, improving adaptability of workers in enterprises and increasing investments in human capital.</p>	<p>Through the actions envisaged under the Regional Operational Programme, all the priority axes of the EU Policy Document are targeted. The second ROP priority axis aims at ensuring a better connectivity, accessibility of regions through investments in regional and local transport infrastructure.</p> <p>Investments in health, education and continuous formation infrastructure, supported under the third ROP priority axis, will ensure the premises for a qualified and healthy labour force. The modernisation of and equipment of the out patient departments aim to make more efficient the medical system, ensuring the preventive feature of the health services, on long term having positive effects on the work force health. The aim of the investments in the education infrastructure will increase the quality and attractiveness of the vocational and technical</p>

⁷Regional Operational Programme 2007-2013, Romania,
<http://www.candcgroup.ro/docs/REGIONAL%20OPERATIONAL%20PROGRAMME.pdf>, p.117

	<p>education.</p> <p>The fourth ROP priority axis, namely the strengthening of the regional and local business environment is in compliance with the second cohesion priority as it encourages SMEs and innovative activities.</p>
<p><i>White Paper – European Transport Policy</i> underlines the importance of the road infrastructure rehabilitation and the importance of a safe and environmental friendly urban transport</p>	<p>The ROP complements the provisions on this White Paper and is in accordance with it as the investments made under this programme support the development /modernization of the county roads network and also envisage investments in modernization and improvement of urban transport as component of integrated urban development plans.</p>
<p><i>“Cohesion policy and cities: the urban contribution to growth and jobs in the regions”</i> aims at completing and developing the “Community Strategic Guidelines 2007 – 2013” by strengthening the urban dimension. The document contains several suggestions for the Member States to prepare programmes financed from the Structural Funds for the 2007 – 2013 period.</p>	<p>ROP Priority axis 1 “Sustainable development of urban growth poles” finances integrated urban development plans, being in accordance with the provisions of the European document by the rehabilitation of urban streets and modernisation of urban transport, through support for development of business structures and the entrepreneurial environment, the creation of infrastructure needed for business, rehabilitation of social infrastructure (child care facilities, centres for elder persons, assistance centres for persons with disabilities, youth centres, etc)and acquisition of equipments needed for increase of safety and prevention of criminality (surveillance systems, etc)</p>
<p><i>European Charter for SMEs</i> calls upon the member states to take actions upon: education and training for entrepreneurship; cheaper and faster start-up; better legislation and regulation; availability of skills; improving access on line; getting more out of the single market; taxation and financial matters; strengthening technological capacities; making use of successful e-business models and developing top-class business support; developing stronger, more effective representation of small entrepreneurs interest</p>	<p>ROP’ Priority axis 4 support the strengthening of the regional and local business environment, by financing micro-enterprises and business support structures’ development</p>
<p><i>Joint Inclusion Memorandum</i> underline a number of key challenges to be addressed by the Romanian authorities in the field of social inclusion, such as: developing a home care social services system and increase the quality of services provided in residential care institutions; to reduce the discrepancies between rural and urban area in this field; provide more and better services for elderly; measures for an integrate and coherent family policy; child protection; social inclusions of disabled people and roma</p>	<p>The actions proposed under ROP Priority axes 1 and 3 are correlated with the commitments assumed by Romania in the JIM, by supporting health, social services, education.</p>

- **internal coherence with other domestic policies:**

National Policy and Main Provisions	Domestic Policy Reflected in proposed ROP priority axes
<p>Law No. 203/2003 regarding the creation, development and modernization of European and national transport network stipulated that the development and modernisation of the transport network represents a national priority and the Romanian Government and the EU and highlights the necessity to ensure access to the national and European network in a non-discriminatory way.</p>	<p>The ROP priority axis 2 complements the provisions of this law and is in compliance as support the development/modernisation of the county roads and implicitly favours a better accessibility and connection between regional, national, European road networks.</p>
<p>Law No. 84/1995 regarding education republished in December 1999</p> <p>Stipulates that educational process should be carried out with the help of modern techniques</p>	<p>In the ROP priority axis 3 the component related to education is supported through investments in the physical endowment of schools in order to allow the educational process to be performed in good conditions and ensuring access to education in proper conditions for all people</p>

<p>GD No 875 / 2005 regarding the approval of the Strategy on short and medium term for continuous professional training for 2005-2010.</p> <p>The strategy considers that long life learning should be approached as an objective necessity imposed by the transition to a knowledge based economy and society.</p> <p>The strategy aims at developing a continuous professional formation system flexible and transparent that will ensure increase of occupation, adaptability and labour force mobility and that will respond to the needs of a qualified labour force.</p>	<p>ROP will finance the public infrastructure for continuous formation that provide services especially for persons in search for a job.</p>
<p>GD No 1088/2004 regarding the approval of the National Strategy regarding health services and Action Plan to reform the health sector aims to increase access of population to quality medical services and to make more efficient the medical services</p> <p>Law No. 95/2006 regarding the reform in the health sector stated that the objectives and priorities that are at the basis of the public health assistance that aim at improving the quality of the medical services.</p>	<p>The actions envisaged under the ROP support investments in the health infrastructure and endowments with medical equipment</p>
<p>In the GD No. 1280/2004 regarding the Government strategy for supporting the development of SMEs 2004-2008 it is acknowledged the importance of SMEs as basis to develop a modern, dynamic and knowledge based economy. Investments to improve the productive capacity of SMEs, to improve the product quality, etc will be supported together with measures oriented to encourage SMEs access to innovative technologies, cooperation with research institutes; support for industrial parks; support for stimulating SMEs to appear in all regions</p> <p>In Law No. 175/2006 regarding stimulation of SMEs setting up and development there are several provisions that encourage the support of SMEs in several fields: access to finance; access to innovation; access to consultancy, etc</p>	<p>The ROP envisage supporting micro enterprises at regional level by encouraging access to innovation; supporting investments in business structures.</p>
<p>Law No. 350/2001 regarding territorial planning and urbanism</p> <p>The territorial planning activity has to be: global, ensuring the coordination of different sectoral policies; functional, by taking into account the natural and built environment based on common interests and cultural values; prospective, by analyzing long term development trends; democratic, by ensuring the population and its political representatives participation in the decision making process.</p> <p>The territorial planning aims at ensuring a balanced economic and social development of regions and areas, considering their specificity; at improving the life quality, a sound management of natural resources and environmental protection, rational use of land</p>	<p>The envisaged activities to be undertaken in the ROP are in accordance with the provisions of Law 350 as it analyzes the long term development of the economic, ecologic, social and cultural phenomena and interventions and take into consider the results for underpinning the regional objectives. The ROP was drafted in a large partnership by involving and consulting all relevant actors at local and regional level.</p>
<p>Law No. 526/2003 to approve the National Programme to develop mountain tourism "Superski in Carpathians"</p>	<p>ROP fifth Priority axis supports the capitalisation of the natural and tourism potential of regions.</p>
<p>Law No. 47/2006 for the approval of the National System for Social Assistance</p> <p>National Strategy for Developing Social Services (GD No. 1826/2005) envisage the setting up of an efficient and comprehensive system for social services at national level that could provide social inclusion of all vulnerable categories and</p>	<p>The actions envisaged under the ROP support investments in the social services infrastructure and endowments with modern and appropriate equipment and furniture (adapted to the special need of disable persons and elderly persons)</p>

<p>increasing the life quality of the persons</p> <p>National Strategy for developing the social assistance system for elderly persons 2005 – 2008 (GD. no. 541/2005)</p> <p>National Strategy for protection, integration and social inclusion of the persons with handicap 2006 – 2013 (GD no.1175/2005)</p> <p>National Strategy concerning the prevention and against domestic violence phenomena (GD no.686/2005)</p>	
<p>Sustainable Development Strategy of Romania, 1999</p>	<p>The actions envisaged under the ROP support investments that are in line with the provisions of the identified sustainable development objectives.</p>

Source:<http://www.candcgroup.ro/docs/REGIONAL%20OPERATIONAL%20PROGRAMME.pdf>, pp. 151-152 and 157-158

In the interviewees' opinion answers to questions on the **quality of benchmarks, indicators, targets, milestones** are inconclusive so far, relevant evaluations in this respect being possible only at the end of the implementation period (2017).

The strategy was prepared based on a bottom up/top down approach, combining the development strategies of the regions with the central supervision of overall programme coherence. The former were drawn-up at regional level, in wide partnership groups. At the same time, the limited availability of strategic planning and financing capacity at the local level was taken into consideration. As a result, the local leadership at project level had to be accompanied by the central level overall coordination.

The ROP priority axes have been established through extensive partnership consultations (such as thematic working groups, fora, etc.). These were established for each of the ROP priority axes and coordinated by the Ministry of Regional Development and Public Administration. The involvement of the regional partners - mainly represented by the Regional Development Agencies (RDAs) contributed to the identification of the regional and local needs and the strengthening of programming capacity at the regional and sub-regional levels. In a broader framework the list of the main partners involved in the consultation process include:

- The competent regional, local, urban and other public authorities/ bodies, including the RDAs;
- The line ministries and government agencies;
- The economic and social partners;
- Other bodies representing civil society, environmental organisations, non-governmental organisations, and bodies responsible for promoting equality between men and women⁸.

Public consultations were organised by the Ministry of Regional Development (at that time the Ministry of Development, Public Works and Housing) at both national and regional level, ensuring large, active and effective involvement of all relevant organisations. At the same time the dissemination of information to all partners was ensured, observing the principles of transparency

⁸ Regional Operational Programme 2007-2013, Romania,

<http://www.candcgroup.ro/docs/REGIONAL%20OPERATIONAL%20PROGRAMME.pdf>, p.9

and access to information. Based on the partnership structures created at regional level the RDAs initiated working groups for regional programming and implementation documents drawing-up, underpinning the ROP elaboration and further implementation. Even if in some cases partnership practices were considered mimetic, based on formalism, rather than able to contribute to a true, real operationalisation of the cohesion policy, the usefulness of this principle was proven in many real situations. For example, as a result of the very active involvement of its representative in the ROP preparation debates, the emergency rescue service based in Romania (SMURD) succeeded to get important funding for the priority axis dedicated to social infrastructure.

In addition to the previous answer, for ROP actions related to enterprise support, consultations included the participation of the representatives of local chambers of commerce and industry, business associations, employer associations, trade unions was particularly relevant, contributing to a very good representation of the business development objectives in the ROP (see Table 11).

Table 11: Assessment of strategic quality

Strategic quality	Assessment of strategic quality			
	Strong (A)	Significant (B)	Moderate (C)	Weak (D)
Specific indicators	Strong (A)	Significant (B)	Moderate (C)	Weak (D)
Programming process	Processes clearly defined and implemented well	Processes clearly defined and implemented adequately	Processes defined, but implemented inadequately	Processes poorly defined and implemented inadequately
Negotiation and approval	Efficient and speedy negotiation and timely approval	Minor delays in negotiation/approval	Major problems with negotiations but minor delays in approval	Major problems with Negotiations, significant delays in approval
Quality of programme documents	Well-structured Documents, clear strategic focus	Programme documents with some deficiencies in strategy	Programme documents without a clear strategic focus	Programme documents with major deficiencies in strategy
Treatment of specific policy heading	Detailed, explicit reference to policy heading in programme strategy, adjusted to and appropriate to regional socio-economic context, strong links with related strategies	Explicit reference to policy heading partially adjusted to regional socio-economic context	Explicit reference to policy heading, limited adjustment to regional socio-economic context, limited reference to related strategies	Limited/implicit reference to policy heading, not adjusted to regional socio-economic context, no reference to related strategies

Note: The chosen variant (after collecting experts' opinions) is marked with yellow.

5 Administrative capacity

ROP management and implementation structures are set out in Table 12.

Table12: Management and implementation structures

Programme management	Responsible body	Notes (e.g. central or regional level)
Managing Authority	Ministry of Regional Development and Public Administration	central level
Certifying Authority	Ministry of Finance	central level
Audit Authority	Audit Authority within Romanian Court of Accounts	central level
Intermediate Bodies	<ul style="list-style-type: none"> • 8 RDAs (the ROP IBs are set up within the RDAs' structures) • Ministry for SMEs, Trade, Tourism and Liberal Professions 	regional level central level
Other Bodies (e.g. at regional or local level)		

The responsibilities of the ROP Managing Authority (MA) with regard to the management and monitoring of the EU funded activities included in the operational programme are established by the EC regulations, detailed by the Government Decision No. 128/2006, which updates the Decision No. 497/2004 with regard to the setting up of the institutional framework for coordination, implementation and management of Structural Instruments⁹.

Subsequently, the ROP MA delegated some tasks to the Intermediate Bodies (IBs) by means of written and signed agreements. As a result, the MA undertakes monitoring activities in order to ensure that the IBs carry out the tasks in the agreed terms. In other words the ROP MA remains responsible for the implementation of the programme in accordance with the Structural Funds Regulations (see Annex 4).

The institutions involved in the ROP management and implementation display a high degree of staff stability, resulting in the continuity of the corresponding systems. Thus, the 2000-2006 work with the pre-accession instruments (Phare C in this case), the creation of the institutional framework for implementing measures, monitoring activities and impact evaluation allowed Romanian authorities to become accustomed to EC procedures and, thus, to get prepared for the administration of the much higher amount of financial funds after accession to the EU. Moreover, staff involved in the ROP implementation participates in various training sessions, in accordance with the distributed tasks. At national level (Ministry of Regional Development and Administration) the number of employees in the programming department has varied between 12 (current number) and 20, while at the regional level (RDA) the number of staff is 3 – 5 persons.

As the ROP has the highest absorption rate compared to the other operational programmes implemented in Romania, one can consider that there is a consolidated administrative capacity for all programming phases, reflected in the high performance of this programme. In particular, the North-East region has the highest absorption rate – 55% in October 2013, an important role being played by the North-East Regional Development Agency, as the IB for the ROP implementation. The number of projects in Suceava county represent around 20 per cent of the total number of projects

⁹ Regional Operational Programme 2007-2013, Romania,
<http://www.candcgroup.ro/docs/REGIONAL%20OPERATIONAL%20PROGRAMME.pdf>

implemented or ongoing in the North-East region, which is a share above the average, considering that the North-East region counts six counties.

However, the interviewees underlined the need to accelerate the pace of reforms in domestic policy as a basic requirement for further increasing of the absorption rate of the EU funds in the region. Generally, the main difficulties that the EU funded programmes are confronted with relate to excessive bureaucracy, lack of transparency, insufficient communication, the long waiting time for evaluation results, political interventions, difficult access to co-financing credits especially because of the high interest rates, delays in pre-financing payments, delays in reimbursements, etc. (explicitly mentioned by NN, MA, MU, DM). There are also complaints about various requirements included in the terms of reference relating to the public procurement for works, services within the financing contracts, which generate ambiguous interpretations and generate dysfunctions especially on the occasion of the periodical controls of the designated bodies (SG). Domestic legislation is considered unstable, financial corrections are made by retroactively applying newly issued laws, the control competences of various institutions with regard to public acquisitions are overlap and are not properly coordinated, etc. (mentioned by SG, LR, IT, SO).

With regard to Suceava county, the respondents consider that their county's development strategy to be well-structured, but its implementation is a long-term, difficult process as a result of poor financing, frequent political changes, insufficient coordination between local administrations and county administration for promoting larger projects of county interest. Interviewees have also pointed to the major role that has to be played by the County Council and the Prefecture in the county development process, considering their decision, planning, coordination, evaluation, control competencies. The need to expand coordination and cooperation between these institutions and the private sector, NGOs, and civil society has been also emphasized, as well as the need to improve coordination between the county council and local public administration. At the same time, it should be noted that the establishment of partnerships between Suceava county and NUTS 3 units from other countries has been considered an important step towards sustainable, integrated social-economic development.

In a broader context, the regional (NUTS 2) development strategy and corresponding regional development plan has been given an 8 on a scale from 1 to 10 in terms of its content by some interviewees (MU, NN, DAC). Even if there are close ties between the regional development plans and the ROP, they do not overlap and, as mentioned before, given the lack of legal personality in the case of NUTS 2 regions, the regional plans have an orientation character, without the necessary levers for implementation.

It can be added that in the case of enterprise support significant difficulties are noticed with regard to co-financing capacity: they come from the need to ensure the own contribution in relation to the eligible expenses, which, in the SMEs case, can reach 30%. The contribution is much higher if the ineligible expenses are considered as well. As regards the administrative capacity, it is considered good and very good in general terms. The efforts paid in this respect from the very pre-accession period and systematically continued afterwards with the strong support and monitoring of the European Commission have encouraged stable structures and responsibilities, clear allocation of tasks, good human resource management systems, effective support for project applications, well defined process of payment claims, effective first level control, etc. (see Table 13).

Table 13: Framework for assessment of administrative capacity

Administrative performance	Specific indicators	Assessment of administrative performance			
		Strong (A)	Significant (B)	Moderate (C)	Weak (D)
Management	Structures	Clear allocation of tasks	Clear, formalized allocation of competencies and responsibilities but operational weaknesses	Partially formalized allocation of competencies and responsibilities. Significant operational weaknesses	Unclear or largely informal allocation of competencies and responsibilities. Major operational weaknesses
		Strong, open intradepartment communication, with good use of formal and informal channels and periodic review	Good intra-departmental communication but limited openness. Use of formal and informal channels	Modes of intra-departmental communication. Emerging formal channels for dialogue and decision-making	Poor intra-departmental communication. Lack of formal and informal channels for coordination
		Stable structures and responsibilities throughout the programme period	Largely stable structures. Minor internal reorganization	Some instability, with episodic reallocation among ministries or implementing bodies	Unstable structures with frequent/substantial reorganization of responsibilities among ministries or implementing bodies
	Human resources	Sufficiently qualified and experienced staff available. Low turnover	Staff available with some constraints in qualification, experience or turnover	Staff available, but major constraints in qualification or experience, or turnover	Severe lack of sufficient and qualified staff
		Well-developed HR management system. Effective performance assessment and staff development	Developed HR management system. Operational weaknesses in performance assessment and staff development	HR management system with limited performance assessment and staff development functions	No HR management system
	Administrative adaptability	Flexible mechanisms for ongoing adaptation and use of staff experience	Some mechanisms for adaptation, partly using staff experience	Cumbersome, inflexible mechanisms for adaptation	No mechanisms for adaptation established
Project preparation and selection	Project generation	Sufficient demand, high quality of project applications	Sufficient demand, quality of project applications needing improvements	Mostly sufficient demand with some delays, project applications of low quality	Low demand
	Project appraisal and selection	Defined criteria, including well-developed and applied quality criteria, short decision times	Defined criteria with deficiencies in quality criteria, partly long decision times	Mostly defined criteria, lengthy procedures with focus on formal criteria	Lack of defined criteria for appraisal and selection
Financial management	Processing of payment claims	Clearly defined and quick processing of payment claims, efficient checks	Clearly defined processing of payment claims, partly multiple checks and delays	Defined processing of payment claims. Frequent delays. Multiple checks	Processes not clearly defined. Major processing problems
	Financial (de)commitment	Strategic approach to programme management to avoid	Measures in place to manage financial flows to avoid	Passive approach, case-by-case response to decommitment	No management mechanisms for

		decommitment	decommitment		decommitment
	Financial management and control	All systems effective	Some systems partially effective	Some systems ineffective	All systems ineffective
Monitoring and reporting	System of indicators and monitoring procedures	System and procedures fully operational, with coherent indicator system	System operational, procedures established, but not fully operational; some indicator weaknesses	System exists but is only partly operational; indicator and procedural weaknesses	No monitoring system
	Availability of financial, physical and procedural data	High-quality and comprehensive data, easily available and used for programme management	Good quality data, with some gaps, and/or imperfect procedures	Partial data available, mostly cumbersome procedures	No data available
Evaluation	Evaluation reports	Developed evaluation system with regular reports	Ex ante, interim and/or thematic reports produced	Only ex ante report(s) produced	No reports produced
	Evaluation methods and culture	Evaluation embedded. High level of capacity and utilisation	Evaluation system established, good capacity but utilisation is mixed	Evaluation undertaken but capacity constraints or limited utilisation	Evaluation is not considered useful. Limited or no capacity

6 Conclusions

6.1 Programme achievements

Key conclusions of the case study on the effectiveness and achievements of programmes support across and within the period covered by the research, including : the degree to which the programme is achieving its overarching goals, physical and financial progress of the programme as a whole, achievements under ‘added value’; and, achievements under the specific thematic heading.

Considering the regional development realities in Romania, the allocations under the ROP have offered priority to the lagging regions. As the North-East region is the least developed Romanian NUTS 2 region and also ranks third among the lagging behind regions of the EU, it received the highest allocation, namely 16.32% of the ERDF for ROP.

To date, the ROP has the highest absorption rate of all operational programmes in Romania that is around 42%. The North-East region is above this average, with 55.02%. The number of projects in Suceava county represent around 20 per cent of the total number of projects implemented or ongoing in the North-East region, which is a share above the average, considering that the North-East region counts six counties.

More than 35% of the volume of payments in the North-East region are associated with road infrastructure projects, responding to one of the main weaknesses of this region –poor accessibility in terms of transport infrastructure. The corresponding priority axis is correlated with the other ROP axes – sustainable urban development, improving social infrastructure, support to business environment, tourism development, the priority areas of intervention creating synergic effects between them. In particular, enterprise support generates a series of multiplier effects in terms of output, employment and income, attracting new activities, new areas (spread effects) in the development process.

6.2 Strategic quality

Key conclusions of the case study on the strategic relevance of support across and within the period covered by the research, i.e. the degree to which the programme strategy addresses real needs and problems. The extent to which strategic quality has conditioned the effectiveness and achievements of the programme, with specific emphasis on the thematic heading.

The ROP strategy has been conceived so as to ensure both the external coherence with different EU funds and the internal coherence with other domestic policies. It was prepared following a bottom up/top down approach, combining the development strategies of the regions – reflecting their real needs - with the central supervision of the overall programme coherence.

Extensive consultations were organised as an expression of applying the partnership principle were organised. For enterprise support, the related axis involved the participation of the representatives of local chambers of commerce and industry, businessmen associations, employer associations, trade unions was particularly relevant.

6.3 Administrative capacity

The institutions involved in the ROP management and implementation display a high degree of staff stability, resulting in the continuity of the corresponding systems. There has been a series of training sessions, consolidating the administrative performance in terms of human resources. The weaknesses indicated by the respondents to interview questions relate mainly to internal procedures, financial constraints, domestic legislation and politics, etc. The most frequent drawbacks mentioned by the interviewees in the North-East region refer to bureaucracy, lack of transparency, insufficient communication between institutions, the long waiting time for evaluation results, political intrusion, difficult access to co-financing credits especially because of high interest rates, delays in pre-financing payments, delays in reimbursements, etc. In particular, for Suceava county the need to expand coordination and cooperation between the public institutions and the private environment, NGOs, civil society has been emphasized, as well as the need of improve interaction between the county council and local public administration. Also, the establishment of partnerships between Suceava county and NUTS 3 units from other counties is considered an important step towards sustainable, integrated social-economic development.

6.4 Lessons learnt

Main lessons learnt that can be drawn for improving ERDF programme design, implementation, results-based management and achievements.

The lessons learnt can be summarized as follows: rationality and flexibility in establishing priorities at regional and local level and harmonization with national headings, simplified procedures, clear and effective implementation rules, a stable institutional and business environment, ensuring co-financing capacity, and good communication between institutions.

There is a strong need to shift from development projects of local importance (locality, county level) to real regional, large scale development projects, able to stimulate inter-county and even inter-regional cooperation.

The regionalization - decentralization process, temporarily postponed, should be resumed, so as to ensure the capacity of sub-national levels to address regional development objectives in accordance with the specific features of their territories.

A more stable, effective institutional and business environment could contribute to creating the national support for the cohesion policy funded objectives. On the other hand, the expectations regarding the European Commission point to more flexibility, simplified procedures, combined, however, with keeping high standards in terms of selection, monitoring and evaluation procedures.

Annex 1: The absorption of the sums allocated via Structural Instruments by Operational Programme in Romania, 31 December 2013

Programme	EU Allocations 2007-2013 (€ million)	Proposed projects		Approved projects		Signed contracts		Domestic payments to beneficiaries		Expenditure reports submitted to the EC (current absorption)		Intermediary payments from the EC	
		Number	Total value (lei million)	Number	Total value (lei million)	Number	Total value (lei million)	EU value(lei million)	%	(€ million)	%	(€ million)	%
ROP	3,966	8,555	59,035	4,098	19,854	3,663	18,373	8,083	45.94	1,779	44.87	1,647	41.52
SOP Environmt	4,412	656	38,439	466	21,277	439	20,365	6,250	31.93	1,176	26.65	1,052	23.84
SOP Transport	4,426	175	65,619	104	16,383	93	15,720	4,757	24.23	1,382	31.23	876	19.80
SOP Compet.	2,554	15,820	85,191	6,521	12,849	4,470	10,714	4,059	35.82	930	36.40	447	17.50
SOP HRD	3,476	14,892	67,219	3,084	15,278	2,515	12,604	7,254	47.04	999	28.75	948	27.27
OP ACD	208	1,371	3,691	452	1,143	449	1,097	465	50.40	105	50.59	83	40.06
OP TA	170	171	1,237	151	861	143	643	213	28.22	58	33.89	35	20.71
Total	19,213	41,640	320,431	14,876	87,645	11,772	79,517	31,081	36.47	6,430	33.47	5,089	26.49

Source: Government of Romania, Ministry of European Funds, www.fonduri-ue.ro

Annex 2: ROP indicative financial allocation by development region

Priority axis and key area of intervention	Allocated funds by axis and intervention area		Region							
			NE	SE	S	SW	W	NW	C	B-I
	€ million)	(%)	% of total allocated funds							
			16.32	13.25	14.23	14.01	10.34	12.09	10.90	8.86
			Allocated funds (€ million)							
1. Support to sustainable development of urban growth poles	1,391.17	31.36	227.04	184.33	197.96	194.90	143.85	168.19	151.64	123.26
1.1. Integrated urban development plans	1,391.17	31.36	227.04	184.33	197.96	194.90	143.85	168.19	151.64	123.26
2. Improvement of regional and local transport infrastructure	876.71	19.76	143.08	116.16	124.76	122.83	90.65	105.99	95.56	77.68
2.1 Drumuri județene/ străzi urbane Rehabilitation and modernization of the county roads and urban streets network- including construction/rehabilitation of ring roads	876.71	19.76	143.08	116.16	124.76	122.83	90.65	105.99	95.56	77.68
3. Improvement of social infrastructure	657.53	14.81	107.31	87.12	93.56	92.12	67.99	79.50	71.67	58.26
3.1. Rehabilitation, modernization and equipping of the health services infrastructure	173.58	3.91	28.33	23.00	24.70	24.32	17.95	20.99	18.91	15.38
3.2. Rehabilitation, modernization, development and equipping of social services infrastructure	99.52	2.24	16.24	13.19	14.16	13.94	10.29	12.03	10.85	8.82
3.3. Improving the equipments of the operational units for public safety interventions in emergency situations	99.52	2.24	16.24	13.19	14.16	13.94	10.29	12.03	10.85	8.82
3.4. Rehabilitation, modernization, development and equipping of pre-university, university education and continuous vocational training infrastructure	284.91	6.42	46.50	37.74	40.54	39.92	29.46	34.45	31.06	25.24
4. Strengthening the regional and local business environment	795.65	17.93	129.85	105.43	113.22	111.47	82.27	96.19	86.73	70.49
4.1. Development of sustainable business support structures of regional and local importance	274.39	6.18	44.78	36.36	39.05	38.44	28.37	33.17	29.91	24.31
4.2. Rehabilitation of unused polluted industrial sites and preparation for new activities	235.40	5.31	38.42	31.19	33.50	32.98	24.34	28.46	25.66	20.85
4.3. Support the development of micro-enterprises	285.86	6.44	46.65	37.88	40.67	40.05	29.56	34.56	31.16	25.33
5. Sustainable development and promotion of tourism	715.77	16.14	116.81	94.84	101.86	100.28	74.01	86.54	78.02	63.41
5.1. Restoration and sustainable valorization of cultural	235.40	5.31	38.42	31.19	33.50	32.98	24.34	28.46	25.66	20.85

heritage and setting up/ modernization of related infrastructure										
5.2. Creation. development. modernization of the tourism infrastructure for sustainable valorization of natural resources and for increasing the quality of tourism services	330.01	7.44	53.86	43.73	46.96	46.23	34.12	39.90	35.97	29.24
5.3. Promoting the tourism potential and setting-up the needed infrastructure in order to increase Romania's attractiveness as tourism destination	150.36	3.39	24.53	19.92	21.40	21.07	15.55	18.18	16.39	13.32
TOTAL*	4,436.83	100.00	724.09	587.88	631.36	621.60	458.77	536.41	483.62	393.10

Source: www.inforegio.ro (ROP Monitoring Committee)

Note: * excluding the amounts allocated for technical assistance.

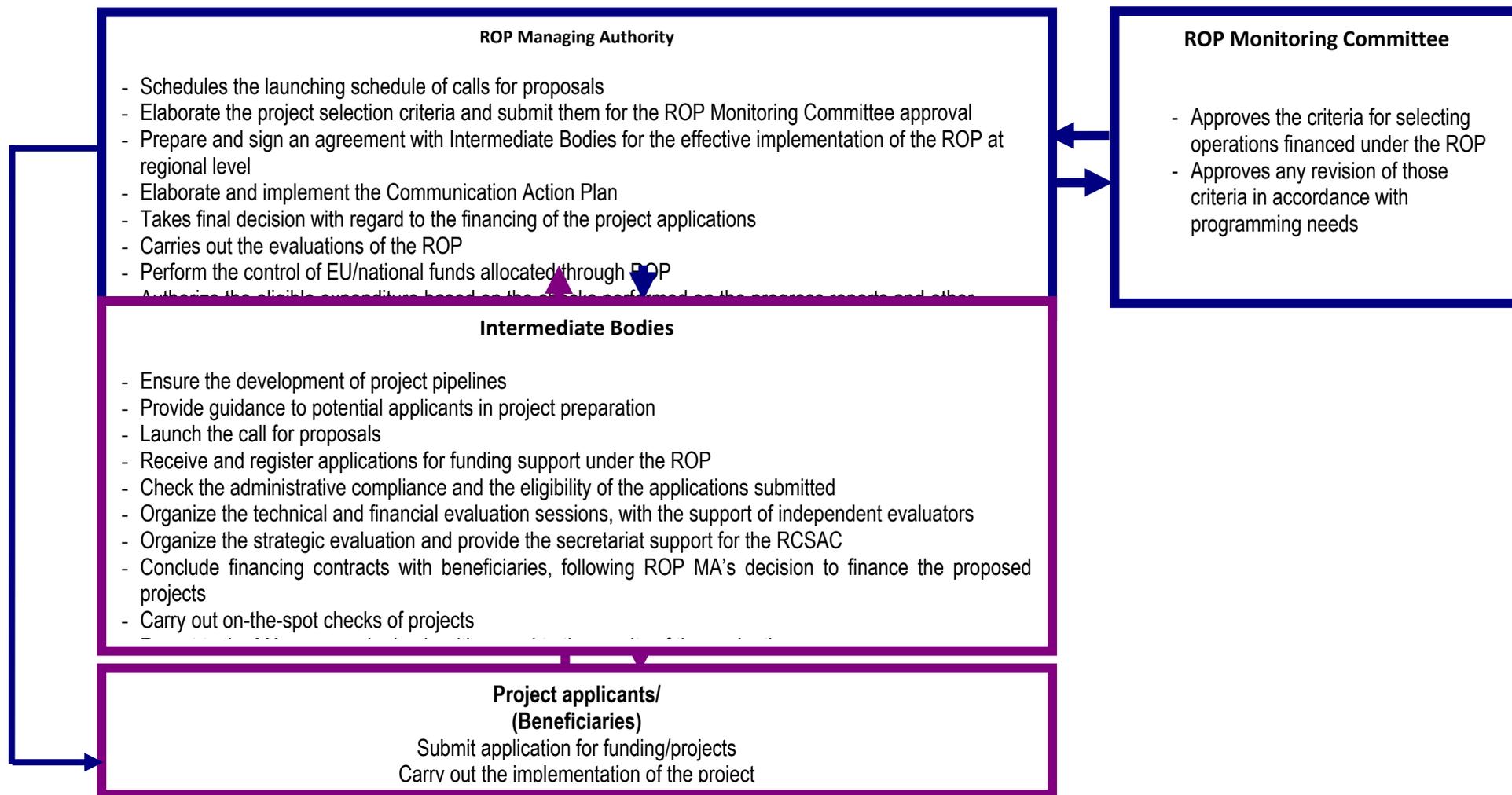
Annex3: Allocations for enterprise support via the Regional Operational Programme 2007-2013 in the North-East region and Suceava county – 30 September 2013

Priority Axis	Total (€ thousand)			of which:											
				ERDF (€ thousand)			State Budget (€ thousand)			own contribution (€ thousand)			Ineligible expenses (€ thousand)		
Key area of intervention	Total NE region	Suceava county	Other counties in the NE region	Total NE region	Suceava county	Other counties in the NE region	Total NE region	Suceava county	Other counties in the NE region	Total NE region	Suceava county	Other counties in the NE region	Total NE region	Suceava county	Other counties in the NE region
1.1 Integrated urban development plans	18.280,9	-	18.280,9	5.455,4	-	5.455,4	1.197,5	-	1.197,5	6.652,9	-	6.652,9	4.975,1	-	4.975,1
4.1 Development of sustainable business support structures of regional and local importance	170.466,0	2.239,1	168.227,1	75.777,2	708,5	75.068,7	10.719,1	108,4	10.610,7	39.670,8	108,4	39.562,4	44.299,0	605,3	43.693,7
4.3 Supporting the development of micro-enterprises	219.261,9	32.861,9	186.400,1	145.775,9	22.231,4	123.544,6	3.595,6	428,9	3.166,7	21.366,8	428,9	20.937,8	48.523,7	7.518,5	41.005,3
5.2 Creation, development, modernization of the tourism infrastructure for sustainable valorization of natural resources and for increasing the quality of tourism services	289.222,6	31.462,8	257.759,8	145.894,5	15.864,1	130.030,4	688,0	688,0	-	70.937,7	7.616,3	63.321,4	71.702,4	7.294,5	64.407,9
Total	697.231,4	66.563,8	630.667,9	372.903,0	38.804,0	334.099,1	16.200,2	1.225,3	14.974,9	138.628,2	8.153,6	130.474,5	169.500,2	15.418,3	154.082,0

Source: own calculation using data offered by www.inforegio.ro

Note: For 1.1 and 5.2 only those projects envisaging enterprise support within the two areas of intervention were selected for calculation.

Annex 4: Institutions and flows for the ROP management and implementation



Source: Regional Operational Programme 2007-2013, Romania, <http://www.candcgroup.ro/docs/REGIONAL%20OPERATIONAL%20PROGRAMME.pdf>, p.170