



## **REGIONAL POLICY AND COORDINATION OF THE STRUCTURAL INSTRUMENTS**

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### **ABSTRACT**

*Regional development, sustained by the Structural Funds is the pillar of the social cohesion policy, one of the major objectives of the European Union. During the pre-accession period,*

*Romania will benefit from a substantial non-reimbursable financial support, by the means of the three specially created, pre-accession instruments Phare, ISPA and SAPARD. Among others, these instruments are supposed to stimulate the social and economic convergence of the candidate countries. In view of the accession, an adequate legislative and institutional framework should be created in a very short period of time in Romania as well as a good professional training of the staff within the central and local public administrations. The challenges of the 2000-2006 period come from the necessity of a fast assimilation of the aggregate of procedures and norms specific to the various fields of communitarian interest, to the so-called "acquis communautaire".*

*The present paper refers to the main elements concerning the EU regional policy, respectively to the Structural Funds and the Cohesion Fund, of their allocation principles and of the programming documents, which are the basis of the community financial support. The pre-accession funds are granted in order to facilitate the legislative and institutional transition and the transition in the field of human resources, towards the complex and integrated system supporting the cohesion policy of the UE.*

### **Keywords**

*Structural Funds, Nomenclature of Territorial Units for Statistics (NUTS),  
 The Partnership Principle, The Principle of Additionality*

### **1. INTRODUCTION**

Romania accepts the entire *acquis communautaire* on Chapter 21 – “Regional policy and co-ordination of structural instruments”, in force on 31 December 2000, and will take the necessary measures for its effective implementation by the date of the accession, without requiring transition periods or derogations, and declares that it will be able to entirely apply this *acquis* upon accession.

The institutional infrastructure required for the implementation of this acquis shall be completed and functional on the date of Romania's accession to the European Union. Romania has unilaterally assumed the date of 1 January 2007 as working hypothesis for concluding the preparations for accession to the European Union.

Romania is prepared to further examine the evolution of the Community legislation and to systematically inform the Accession Conference or the Association Council on Romanian's legislation and the implementing measures adopted in order to apply the new acquis or, whenever necessary, on the difficulties that might arise in transposing the new acquis.

Regarding this chapter, Romania refers to the information provided throughout the screening process and agrees to further submit this information to the Member States of the European Union.

Romania expects that upon accession, all its development regions, implicitly all its territory will be eligible for Objective 1 of the Structural Funds. Romania states its interest to take part, by the date of accession to the EU, in all Community initiatives.

From the date of accession, Romania intends to participate in the Community social and economic cohesion policy and will take full advantage of the Structural Funds and the Cohesion Fund under the conditions applicable to other Member States.

Romania will ensure the coherence of its economic and social cohesion policy with other Community policies, in particular in the areas of employment, equal opportunities between men and women, social policy and vocational training, SMEs policy, common agricultural policy, common fisheries policy, energy, transport and trans-European networks and the implementation of the environmental protection requirements, etc.

## **2. TERRITORIAL ORGANIZATION**

In Romania eight development regions, specific territorial entities, without administrative status or legal personality have been created by voluntary association. The development regions closely follow the European system of Nomenclature of Territorial Units for Statistics (NUTS), corresponding to NUTS II level. They represent the framework for drawing up, implementing and assessing the regional development policy, as well as the economic and social cohesion programmes. The development regions also represent the framework for collecting specific statistical data, according to the European regulations issued by Eurostat for the NUTS II territorial level. According to Emergency Government Ordinance No 75/2001 on the functioning of the National Institute for Statistics, eight Directorates General for regional statistics have been created and together with the 34 county directorates for statistics, aim at developing regional statistics.

The legal acts regarding Romania's territorial division define the current territorial structure, similar to NUTS, as follows:

NUTS I level: Romania

NUTS II level: 8 development regions with an average population of 2.8 million inhabitants

NUTS III level: 42 counties, reflecting Romania's administrative-territorial structure

NUTS IV level: not used, as territorial units associations have not been identified yet;

NUTS V level: 265 cities and towns; 2686 communes with 13,092 villages, reflecting the administrative-territorial structure of Romania.

In the EUROSTAT Report regarding the sectoral evaluation in the field of regional statistics, finalised in 2000, this structure was inserted for Romania, and the statistical data for NUTS II and NUTS III levels, provided by the National Institute for Statistics to the REGIO database of EUROSTAT have been elaborated in accordance with the above-mentioned structure.

### **3. LEGAL FRAMEWORK**

Law No 151/1998 on regional development is the fundamental law in this field in Romania and lays down the objectives, the institutional framework, the competences and the specific instruments necessary to promote the regional development policy. Law No 151/1998, amended by GEO No 268/2000, established decision-making and executive bodies both at regional and national level.

### **4. INSTITUTIONAL FRAMEWORK**

The evaluation of the way in which the regional development processes are unfold as conducted on several dimensions. These dimensions were selected depending on the types of social actors involved in these processes. We can identify two large categories of actors who can hinder or accelerate activities described in Chapter 21 of the pre-accession process, namely the public and the private actors.

The "public actors" category include institutions of the central administration. Among these institutions the Ministry for Development and Prognosis and the National Council for Regional Development play the leading part. Furthermore major tasks have been assigned to the Ministry of Agriculture, Food and Forests (which also includes the SAPARD Agency), the Ministry for Public Works, Transportation and Housing (which co-ordinates the transportation component of the ISPA programmes), the National Road Administration Authority (the ISPA programme) and the National Railway Corporation "*Compania Nationala CFR SA*" (covered by the ISPA programme), The Ministry for Waters and Environment Protection (in charge of co-ordinating the environment component of the ISPA programmes), The Ministry of Public Finance (Phare's Central Finance and Contracts Unit and ISPA's Implementation Agency), as well as the Ministry for European Integration.

Regional Development Agencies and Regional Development Councils are the main actors of the regional development of the regional and local level. Local councils, county councils, County Environment Protection Inspectorates (in relationship to ISPA), the local subsidiaries of *Compania Nationala Apele Române* (Romania's national water resources manager, also related to ISPA), SAPARD's eight Regional Agencies and the County Agriculture Department (the SAPARD programme) also play important roles in these processes.

Private actors play mostly indirect parts in the regional development process. Some of these players are non-profit organizations, but also profit-oriented organizations, such as businesses, investment funds or commercial banks, non-governmental organizations working in regional development areas and research institutions or higher education institutions.

## 5. THE PARTNERSHIP PRINCIPLE

The drawing up of the preliminary National Development Plan (NDP) and especially of the 2002-2005 NDP was accomplished on the basis of some precise methodological orientations, in the framework provided by a large partnership - ministries involved in the management of different funds and programmes, implementing institutions, regional development agencies, local authorities, trade-unions and employers' organizations, non-governmental organizations or other institutions with a relevant activity in the field of environment, rural development, combating poverty, providing equal opportunities to all the citizens. NDP has been drawn up by a double approach: "top-down", by taking into consideration the sectoral plans and strategies elaborated at national level as well as "bottom-up", by using the information transmitted through the Plans for Regional Development, elaborated by the Regional Development Agencies, and approved by the Councils for Regional Development. Consequently, most of the proposals included in this document are a result of a systematic dialogue on issues such as economic growth and social cohesion, dialogue carried out at local, regional and central level.

The MDP undertakes the responsibility of promoting an enhanced partnership and of participating to the improvement of the programming and monitoring exercise. Consultation of all partners will be done from the initial phases of the programme and subsequently, in the implementation stage, by their involvement in Monitoring Committees created at different levels. To strengthen the partnership in regional development policies, the MDP will initiate a promotion campaign in order to raise awareness among the potential partners on the role and benefits they obtain by taking part in the process of preparation and implementation of the regional development policy.

## 6. THE ADDITIONALITY PRINCIPLE

Romania will observe the principle of additionality in using assistance from the Structural Funds. In this respect, Romania will provide the relevant data required in checking out the compliance with the additionality principle.

The institutions designated to manage the Structural Funds and the Cohesion Funds will also assure the data collection and their insertion in the Development Plan. By 2003, an IT system for the collection, updating and processing of the pre and post-accession data will be defined within the Ministry for Development and Prognosis.

Similarly to the Structural Funds the EU Member States benefit from, which follow the additionality principle, the Phare, ISPA and SAPARD Community assistance is meant to supplement and not substitute the national effort. For each of these programmes, for the investments component, the value of the Romanian co-financing has been foreseen.

## 7. EVALUATIONS AND MONITORING

The National Development Plan for 2002-2005 is drawn up on the basis of methodological guidelines established by the MDP, in cooperation with the ministries and the RDAs, complying with all the procedures required by the European Commission. This methodology provides for the attributions and responsibilities of all the institutions involved in the social and economic development of the country respectively, ministries, RDAs, employers' organisations, professional organisations, etc.

The future programming exercise will also include the ex-ante evaluation that will be carried out by an independent institution. Currently, there are academic and research institutes in Romania, which, with a minimum effort to train their experts, may perform independent ex-ante evaluations, according to EC Regulation No 1260/1999.

Monitoring of the programme implementation financed through Phare is annually carried out by a Joint Monitoring Committee, established by Government Decision No 1011/1999. For each sectoral component there are sectoral monitoring sub-committees of the programmes implementation, to which the Implementing Agencies submit periodical (semester) reports.

For the projects financed through the ISPA Facility, the ISPA Monitoring Committee was established. The first meeting of the Monitoring Committee was held in June 2001. As regards the reporting procedure, the National Authorisation Officer is in charge with making sure that the National Fund and the Implementation Agencies maintain a viable technical and financial reporting system for all financial measures financed through ISPA, including funds transferred by the Implementation Agencies. The National Fund has to draw up periodical reports on the financial situation of the measure, on scheduling the future tenders, evaluating the tenders already held and the contracting, on project

implementation, problems encountered, future perspectives and any other information required by the Commission.

For the SAPARD Programme, the Management Authority represents the body responsible for efficiency and accuracy in co-ordinating and reporting on the monitoring and assessment of the Programme, ensuring that the information is reported to the Monitoring Committee and the European Commission. The Monitoring Committee (established by Decision No 271/14 May 2001 of the Prime Minister) plays an important role in the monitoring, assessment and reporting process of the SAPARD Programme ensuring that the SAPARD Programme is implemented in an effective and qualitative manner so as to attain the objectives set. While performing its duties, the Management Authority can make adjustment proposals of the programme and consults the SAPARD Agency on the aspects regarding the implementation. The Management Authority and the SAPARD Agency will provide the genuine monitoring of implementation of the Programme and will report to the Monitoring Committee the progress of the measures, and if case be, of the sub-measures. The monitoring and evaluation of the SAPARD Programme will be based on procedures regarding data collection, the algorithm of the indicators calculation, the analysis and data reporting. The SAPARD procedures for measures and the procedures for SAPARD Agency's functioning have been completed. They are going to be submitted to the National Fund for pre-accreditation and to the European Commission for accreditation. The drawing up of these procedures has followed the steps established by the European Union.

By the end of 2003, a uniform evaluation and monitoring system will be developed at national and regional levels, based on the experience acquired, with technical assistance support to the Agencies and Implementing Authorities. The system will integrate regional sub-programmes and will facilitate communication among management authorities, payment authorities and implementation units, in order to provide for the technical and financial surveillance of the programmes carried out. This system will be the basis for the establishment of the evaluation and monitoring system of the management and use of the Structural Funds, which will comply with the Community requirements in the field. The system will be applicable from the date of accession.

## **8. CONCLUSIONS**

The results and conclusions of this survey cover both the technical issues related to the processes and activities conducted in the field of regional development, as well as the issues that concern the policies or visions of the actors involved in these processes.

Technical aspects cover *inter alia* the selection, contracting, monitorization, implementation, and financial management of certain projects from funding lines devoted to regional development. Another dimension makes reference to a wider scope that harbours the activities associated to regional development. This different dimension includes

certain issues that define the social, cultural, political or economic environment specific to each local, regional or national level. These aspects influence the way in which development policies are designed or developed regionally. Analyses have illustrated the prime role the political environment has in preparing, implementing and controlling these processes. Now that there is a clear picture of what regional development means, new institutional frameworks should be created and should take charge with clear responsibilities and jurisdictions; these new bodies should be capable of responding to the extremely diverse challenges inherent to this environment. Last, but not least, it should be said that – for various reasons – the involvement of private players is just partial for the time being.

Although the conclusions mostly revealed current malfunctions, it should be mentioned that the interviewees also underlined certain positive evolutions of the regional development process.

From an institutional point of view, there are a few major observations that came out as a result of an analysis of sociological type:

- Development agencies are insufficiently provided with space and they have a small number of employees. This is the joint opinion of both the beneficiaries and the employees of the development agencies;
- The program or project specific activities conducted are perceived as bureaucratic. The procedures are regarded as complicated, and therefore a major hindrance for most of the applicants. Everybody agrees that a simplification of this process would mean an advantage, and would encourage the spirit of initiative of the applicant.

Another aspect of the Regional Development Agencies is that these institutions should offer more support in the writing and the implementation of the projects. The agency's employees agree on this matter, but underline that the insufficiency of the hired personnel is the major obstacle in this matter. A better collaboration with other institutions and organizations could probably balance this insufficiency. On a local level (and we mostly refer to the rural areas) ADR activities would necessitate close collaborations with local leaders.

Yet – looking ahead – should regional policies still remain unchanged after 2006, the costs of social economic cohesion will decrease, and the majority of the regions currently involved in these processes will no longer have „Priority one” status. New member states are also expected to no longer enjoy support like the member states used to, over the previous periods of time. Changes may materialise in terms of either the creation of the Structural Funds or the amount of funds that Romania receives. Therefore, it is to be expected that Romania's accession to the EU on January 1 st 2007, the target date indicated by the Romanian Government, will take place in the context of a European Regional Policy which would be significantly different from the one currently in place.

For the above-mentioned reasons, Romania's strategy should focus on enhancing its competitiveness on the European market and on training

manpower in profitable lines of business. To achieve all these aims, Romania has five years, and the Pre-Accession Structural Funds. More than that, as of 2004 – when the first states in this area accede to EU membership – their exposure to the European system will be beneficial to their domestic strategies. Romania is expected to observe certain principles related to the regional development, such as partnership, precedence, decentralization, programming, concentration, additionally.

What still needs to be clarified is the domestic regional development policy, which right now doesn't seem to be uniform:

- a regional approach based on regional strategies and plans; the aim of the regional approach is to develop every region's potential;
- a national approach that focuses on preventing imbalances and supporting the local potential;
- a local approach that focuses on public resources, state assistance and pre-accession funds (injected in several types of areas: underprivileged zones, areas subject to industrial restructuring, assisted areas) that mix with each other without a clear underlying pattern.

If Romania's regional policy relies on the "zoning" principle, then the instruments involved in this process will have to be unified and synergised; the role of the Regional level with respect to the implementation of the Structural Funds will have to be clarified and – more importantly – the provisions of the European Agreement on state assistance should be observed." 1 1. Remarks of the Commission regarding the National Development Plan 2002-2005.

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