

Fachgebiet:  
Politikwissenschaft

**MULTI-LEVEL GOVERNANCE  
AND  
THE MANAGEMENT OF EUROPEAN FUNDS  
FOR  
REGIONAL DEVELOPMENT  
IN  
ROMANIA**

Inaugural-Dissertation  
zur Erlangung des Doktorgrades  
der  
Philosophischen Fakultät  
der  
Westfälischen Wilhelms-Universität  
zu  
Münster (Westf.)  
vorgelegt von  
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**2008**

Tag der mündlichen Prüfung: 28.10.2008

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## ACKNOWLEDGEMENT

Carrying out this research and writing this thesis have involved a very complex itinerary, which often resembled an obstacle marathon; crossing the finish line marked a definitive point in a (professional and personal) process of change and growth.

Throughout these years I have received a lot of support, in various forms and from very different directions; therefore, I would like to use this opportunity to express my gratitude to all those who contributed, each of them in his/her own way, to the completion of this thesis.

Firstly, I would like to thank to “My Professor”, Prof. Dr. Dr.h.c. Reinhard Meyers, for the opportunity offered in 2001 to work as his research assistant and conduct this research in the framework of the Institut für Politikwissenschaft in Münster, and for his support and for understanding the pitfalls of my itinerary. At the same time, I would like to thank Prof. Dr. rer. pol. Norbert Konegen and Prof. Dr. Hanns Wienold, for their time and important input into the successful finalisation of my doctoral research .

The Friedrich-Naumann Stiftung generously supported me for two good years. Further than the, absolutely essential, financial support, the special environment created by the Foundation for its students was both an oasis and an occasion for personal and professional development for me. I truly hope that many more students will benefit from the Foundation’s initiatives.

Special thanks are due to Prof. Jaap de Wilde, for his continuous and unconditioned availability and openness, and for his valuable comments. Although less present in the last years of my research activity, I would like to mention the ECPR Standing Group on Regionalism, and express my deep gratitude to Dr. Jörg Mathias, Dr. Ian Bache, Prof. Dr. John Loughlin, for setting up, intentionally, such high standards regarding the results of my work, standards I am not sure I have managed to meet, despite my intensive efforts.

As the subject and scope of this thesis are relative novelties, especially in the case of Romania, and as I have always strongly emphasised the importance of the connection between the research world and practical field, I counted very much in completing this thesis on the significant support offered by my colleagues, and I would name here Claudia, Antoaneta, Andra, Mihaela, Ramona, Sofia, Daniela, Razvan, Elena, Carmen and Delia, at the Authority for the Coordination of Structural Instruments within the Ministry of Economy and Finance in Romania; all of these I thank and wish that they remain the great team I worked with for one year and a half. I also wish them good luck and success in their careers, hopefully continuing in the same framework, of Structural Instruments implementation and socio-economic development.

Carried out mainly in 2004, but also in 2005 and 2008, the discussions I had with Mr. Gabried Friptu, General Director of the MA Regional Operational Programme, Mr. Razvan Cotovelea, currently the General Director of the ACIS, Ms. Andra Chirila, Director, ACIS/Ministry of Economy and Finance, Mr. Simion Cretu, General Director of the RDA Center (Alba-Iulia), Mrs. Georgeta Smadu, Director, RDA North-East (Piatra Neamt), Mr. Liviu Musat, Deputy General Director, RDA South Muntenia (Calarasi) considerably helped me to understand both the pre-accession assistance management and implementations system in Romania and the status-quo of regionalisation and regional



development as such in this country. I cannot thank them enough for their time and especially the food for thought they provided.

Special thanks to Mrs. Pompilia Idu, Director within the Ministry of Development, Public Works and Housing, and to Mrs. Luminita Mihailescu, General Director RDA South-East (Braila) with whom I had the most enriching discussions regarding a very complex issue, respectively the genuine connection between Phare Economic and Social Cohesion Component and the Regional Operational Programme, on one side, and regionalisation and regional development, on the other side.

The months spent in Lelystad, at the Flevoland Provinciehuis, have been of major importance for me and my ability to grasp the EU Cohesion Policy and be involved in its practical implementation. Therefore I am grateful to Joke and the entire team in Lelystad, for their guidance and patience through the six months I spent in their very instructive and pleasant company.

I would also like to thank to my colleagues at NEA, the latest stage in my professional life, especially for the persistence with which they listened to me talking endlessly about my PhD thesis, a never ending story, and for their understanding and support in the last phase of this project.

Carrying out my PhD research would not have been possible without the permanent support of my beloved family, my parents, my brother and especially my sister, Anda and nieces, Bubu, Stefana and Madalina, who have acted unconsciously as permanent drive for my development, and for whom I have tried to be a role-model and support.

I am particularly grateful to all my friends who have been there for me along the years, in Germany, Gaby, Imola, Ilka, the Netherlands, Anca, Natasha, Jeroen and Elvira, Ester and Pieter, Sorin and Margriet, Papa Stelios, Evert, Cristi and Maria, Jolanda and Cosmin, Denox, Lucia, Amaya, Ime and especially Nina and Kinga, with whom I have shared worries, stress, crushes, but also sunsets at Scheveningen and the joy of celebration, at the very end. The most difficult, but still very rewarding, has been the support of my friends in Romania, who couldn't be next to be physically, but who encouraged me every moment, Ioana, Mihaela, Nina (C.), Ramona, Lili, Andra (actually in Canada, in the meantime).

I cannot round up this acknowledgement without thanking to the one who fights, now, next to me, with all the "red devils" my last years have left me with, C.

Laura Trofin  
September 2008, the Hague

## EXECUTIVE SUMMARY

As a result of a certain economic and political evolution at both international level and on the domestic scene, the European regions have enjoyed in the recent decades an increasingly important role in shaping and managing socio-economic development. The pressure of globalisation and democratisation stimulated central governments to share or fully renounce a series of their competencies; the regional governments have been among the beneficiaries of this process. While this movement has taken place for the last decades in most West-European, liberal-democratic states, most of the new member states of the EU, including Romania, find themselves at the beginning of the regionalisation process.

By the end of the negotiation process which had taken place over 5 years between the Romanian government and the European Commission, Romania had established 8 statistical development regions, a general framework for regional development, i.e. Law on Regional Development 315/2004<sup>1</sup>, and a first institutional structure to manage and implement Structural Instruments after 2007. Beyond 2005, the preparations for implementing the EU Cohesion Policy in Romania continued and intensified, since the results of the Chapter 21 negotiations represented only the base for this construction. In 2007 the Structural Instruments programming was completed; the European Commission officially approved the National Strategic Reference Framework and the 7 Operational Programmes and these entered the implementation phase. Subsequently, the institutions responsible for the management and implementation of the Operational Programmes and their detailed competencies were finally decided upon.

The analysis carried out in the framework of this research project is based on a *methodology derived from the Multi-Level Governance theory*, as developed by Gary Marks and Liesbeth Hooghe<sup>2</sup>. The purpose of this research is not to test the MLG theory against the policy-making process related to regional development in Romania in order to *explain* it [this process] or to assess to which extent the *policy outcomes are different as a result of the regional actors involvement*; rather, the study aims to analyse

- ✓ the extent to which the Romanian regional development policy-making system is organised in and functions at several levels,
- ✓ which are the most significant institutions involved and at which policy-making stage, i.e. programming, implementation, monitoring, evaluation, financial management and control, audit; and, finally,
- ✓ to which extent the *regional* structures in place in Romania contribute to this policy-making process and occupy a strong position in this institutional architecture.

The basic concept of multilevel governance consists of a 'structure of authoritative decision-making – that is, the sum of the rules (mainly *formal* but also *informal*) concerning the *locus* and *practice* of *authoritative* governance in a polity' (Marks, 1996, 22). Developed initially for EU regional policy, the MLG concept is currently applied to other policy fields, such as environment, youth or even economic policy. The key feature

<sup>1</sup> This law is already a second, improved version of the first legislative act no. 251 on regional development passed in 1998 (see Chapter II for a detailed comparison between the two legislative acts)

<sup>2</sup> In addition to Gary Marks and Liesbeth Hooghe, some other authors dealt with the MLG, from different perspectives (see, for a good example, Bache&Flinders, 2004, Multi-level Governance, Oxford University Press). Nevertheless, these contributions haven't managed to change substantially the framework established by Marks and Hooghe, and this is the reason for which this research is mainly based Marks&Hooghe's theoretical construction.

of this structure is a set of rules organising the *functional division of labour among various levels of government*. The nature of government here is, according to Marks, underpinned by three key assumptions: (1) that one has to make the distinction between *political institutions* and *political actors*; (2) that the state basically consists of a set of rules structuring authoritative relations in the polity, but not being itself an actor; and (3) that the orientation of political actors towards the rules that constrain them may change according to circumstances (Marks, 1996, 22). The state is seen more or less as machinery operated by political actors placed behind the steering wheel through, for example, elections. These political actors preserve or change their values and interests after they gain the leading/managing positions but they will remain factional and try to satisfy their interest through the state instruments at their disposal, as long as they maintain their legitimacy.

On the basis of the theoretical model for multi-level governance developed by Gary Marks and Lisbet Hooghe, the Romanian governance system, as a whole, represents a type I of MLG<sup>3</sup>. A limited number of jurisdictions, nested as “Russian dolls”<sup>4</sup>, fulfil a series of functions, shared and/or divided specifically for each policy, i.e. the *national* level-central government; the *regional* level-regional development agencies and regional development boards<sup>5</sup>; the *county* level-county councils, prefects; the *municipalities* level-city/commune council, mayors.

The steering process in Romania has been already integrated into the international “trend” of diffusion of central authority towards higher, parallel and lower layers. *This process is unbalanced and characterised by a stronger diffusion of authority towards higher levels (international organisations, i.e. EU,) combined with a still highly centralised political system. The lower levels are weak; the formal authority they enjoy through legislation is not doubled by a corresponding material one. At the same time, economic interest groups or economic actors influence the decision-making process, through legal channels, i.e. lobby, but mostly through corruption.*

There are five core elements underpinning this main hypothesis:

1. the particular power position the European Union/Commission enjoys in this field, position assured by the accession talks and the negotiations on the Chapter 21 „Regional policy and the coordination of structural instruments”, as well as, after 1<sup>st</sup> of January 2007, as initiator and coordination of the EU Cohesion Policy implementation (*upward diffusion of authority*);
2. the high degree of centralisation of the Romanian management system for pre-accession aid and structural instruments (*path dependency/efficiency issue/administrative culture in Romania*);
3. limited role for the RDAs in the policy-making process (*downward diffusion of authority – regional dimension*);
4. the limits of the decentralisation process and administrative reform in Romania, administrative culture and the role local authorities play in the policy making

<sup>3</sup> Forms of MLG type II co-exist as well, e.g. the institutional system in place for the implementation of cross-border cooperation programmes, but they are rare.

<sup>4</sup> As we will see in the chapter 3, although the Constitution declares the administrative-territorial levels of governance as autonomous, acting independently from each other, in practice the lower local level, especially the small towns and the communes, still find themselves in a subordination position towards central government.

<sup>5</sup> Which have competences regarding regional development policies only.

- process as regards Cohesion Policy (*downward diffusion of authority – local dimension*);
5. corruption (*one of the manifestations of sideways diffusion of authority*),

In order to assess to which extent a system functions “in a multi-level” manner, several, if not all, policies elaborated by and implemented within the system should be assessed, regardless of its organisation, i.e. centralised unitary, decentralised unitary, regionalised unitary, federal<sup>6</sup>.

As mentioned before, the MLG theory, as developed by Marks and Hooghe, provides the methodology for this research. As Hooghe and Marks say, “a first approximation to measuring multi-level governance is to say it varies with the *number of jurisdictions* bearing on individuals in a particular territory. But this measure must be refined if it is to be meaningful. First, it must take account of the distribution of *policy competencies* across jurisdictions. Second, it must take particular account of *fiscal power—the power to tax and spend*. Third, a weighted measure of multi-level governance must take account of *formal and informal power relations among jurisdictions*” (Hooghe&Marks, 2001a, 2).

The analysis confirmed most of the working hypotheses proposed in the introductory chapter, with one surprising outcome: entering the EU and becoming beneficiaries of the EU Cohesion Policy and its structural instruments meant a reduction of the powers of the regional level/institutions.

The governance process in Romania has been already integrated into the international “trend” of diffusion of central authority towards higher layers. This transfer process has taken place in parallel, and as a consequence, of the efforts Romania has undergone, after 1990, to re-integrate in the Euro-Atlantic structures. In this context NATO and the European Union have had the strongest influence on the Romanian policy and decision-making actions, influence/penetration sealed once Romania became a member of these two international organisations. The particular power position the European Union/Commission has enjoyed in regional development has been assured by the accession talks and the negotiations on the Chapter 21 „Regional policy and the coordination of structural instruments”, as well as, after 1<sup>st</sup> of January 2007, as initiator and coordination of EU Cohesion Policy implementation.

In the framework of the Phare ESC Component, the *RDAs* fulfil the Implementation Authority role for a part of the Phare ESC priorities. The competencies of the RDAs are mainly limited to project implementation (appraisal and selection, monitoring, control). They do contribute to the programming phase, but indirectly; the Regional Development Plans elaborated by the RDAs served as a source for the National Development Plans, and the Phare ESC priorities were decided by the MEI/MDPWH with the European Commission taking into account the RDPs priorities, but not reflecting them completely. The *Regional Development Boards* do enjoy decision-making rights both in programming and implementation of the Phare ESC, as they approve the RDPs and the lists of projects appraised and selected by the RDAs. As their representatives are members in the NBRD, they also approved the National Development Plans. Nevertheless, we should underline the fact that these boards are composed of representatives of the local authorities, mostly promoting their local interest. As repeatedly mentioned, the *National Board for Regional Development* hasn't been very successful in carrying out its strategic

<sup>6</sup> See Loughlin 2000, 26-7

tasks related to the promotion of regional development. Its role was limited to the approval of the National Development Plan, of the appraisal and selection criteria for the Phare ESC and of the large infrastructure and HRD projects; as a consequence, it was convened rarely, generally when it needed to exercise these formal competencies.

As concluded in the fourth chapter, if we compare the pre-accession period with the 2007-2013 programming period, the Phare ESC represents a predecessor of the NSRF rather than of the Regional Operational Programme. Despite the fact that the sums the MDPWH/RDAs/RDBs implement between 2007-2013 are considerably higher than the budget of the Phare ESC, the role of the institutions responsible for regional development in Romania, at both regional and national level, decreased as regards the management and implementation of the NSRF/Structural Instruments, in terms of weight in policy elaboration and implementation. Their responsibilities are limited to the Regional Operational Programme, which deploys 20% of the total allocated funds. Within the ROP delivery system, the role of the RDAs remains, more or less, the same, but some of the competencies of the RDBs are taken over by the Ministry, as Managing Authority.

The *Regional Development Agencies* remain an institutional tool for the implementation of the ROP, under the management of the MDPWH. They carry out specific tasks as prescribed by the Managing Authority, i.e. programming, evaluation, audit, expenditure certification, but they do not enjoy decision-making power in any of these policy areas. Project appraisal and selection, the bulk of the implementation work, is outsourced, and the RDAs do not have voting rights in the Monitoring Committee. The Agencies do represent significant centres of technical expertise as regards implementation of a series of regional development measures, but in terms of regional development as such, further than being able to carry out the analysis of the socio-economic situation in the region, the SWOT analysis, and to set up a list of development priorities based on these analyses, they make little difference. As underlined in the fourth and fifth chapters, the Regional Development Plans, including the ones drafted for the 2007-2013 programming period, stop at setting up the strategy, and do not contain detailed information on the RDPs financing sources, on the implementation, monitoring and delivery system of the plan. The other institutions set up for regional development in Romania, the *National Board for Regional Development* and the *Regional Development Boards* make even less difference. The former was only consulted during the ROP elaboration and it did not approve the National Development Plan 2007-2013; the National Coordination Committee enjoyed this competence.

The position of the RDBs as members of the Monitoring Committee became less significant. Even if they have voting rights as members of this committee, given its limited role, and especially the fact that it does not approve the selected projects anymore, the competencies of the RDB are significantly reduced. Further than approving the Regional Development Plans, they do not seem to carry out any of their tasks as regulated by the Law on Regional Development no. 315/2004.

As Hooge&Marks state, “a weighted measure of multi-level governance must take account of formal and informal power relations among jurisdictions” (Hooghe&Marks, 2001a:2). The analysis of the formal relationship between jurisdictional levels proved the centrality of the institutional system in place for the implementation of regional development policy. The elaboration on public administration history, culture, and “modus operandi”, without bringing hard evidence of systemic malfunctioning, supports and even strengthens the conclusion of the formal analysis. The central authorities exercise, through political and administrative channels, a strong influence on local authorities, which are

paternalistic and display a rent-seeking behaviour. The principles of “local autonomy” and “decentralisation” still need some time to become the real basis for the organisation of public administration in Romania and for the relationship between its layers.

### **Regional development in Romania**

More than ten years ago, the “Green Book on Regionalisation” and the subsequent legislation created the first framework for regional development in Romania. The development regions were defined and the institutions in charge of this policy at both national and regional level were set up. Since then, these institutions have exercised their competencies on this legal basis, in the framework of regional development policies which subscribed to other set of rules, as well, i.e. Phare programmes and Cohesion Policy programmes; becoming a member of the European Union is indisputably the most important factor which determined the creation of regional structures in Romania.

These ten years haven’t witnessed significant changes as regards regional development in Romania. A second law on regional development refined and updated the existing arrangements in order for these to correspond to EU requirements, i.e. especially as regards the NUTS II regions. The January 2007 moment clarified the structure of the system that the implementation of the EU Cohesion Policy required: as the EU structural funds are invested in a large series of national priorities, they are managed by different ministries through national-wide programmes; the Ministry of Development and the RDAs, RDBs and the NBRD remained responsible for one of the 7 Operational Programmes, which currently embodies the Romanian regional development policy.

From the point of view of administrative-territorial organisation, the 8 development regions are not administrative-territorial units and they do not have juridical personality; they represent agreements between counties, created for the elaboration, implementation and evaluation (sic!) of the regional development policies, and for data collection at NUTS II level. At the same time, at this level, there is no regional government, legitimated politically by elections at a regional level, with the power to collect taxes and to spend them in the regions, through socio-economic development programmes. Regional development plans are drafted, but they have a limited impact, as the RDAs are in charge only of the implementation of those RDPs priorities financed through ROP, and no mechanism exists for monitoring and evaluating the results and impact of the each OP interventions at a regional level. The socio-economic evolution of the regions will be analysed again for the future programming period, 2008-2020, but it will be difficult 1. to accurately asses which interventions had a certain impact, positive, or negative on the development of the regions, and 2. to adopt, until that period, eventual adjustment measures, to counteract the negative effects of certain interventions in terms of regional disparities. For example, more than half of the SOP Transport 2007-2013 budget will be directed at the motorways, the related national road infrastructure and railways in the north-western part of Romania. This investment will have a clear positive impact on the development of Transylvania, which already registers a competitive edge in comparison with Moldova, and the Regional Operational Programme won’t be able to counteract this development, although it takes into account the existing regional disparities in allocating funds to regions.

Despite the choices made as regards the particular characteristics of the regions, regional institutions and regional development policy, the current arrangements represent a starting point, a good base on which the decision-makers could genuinely rethink and implement socio-economic development at the territorial level where investments can

bring the best returns. Nevertheless, the setting up of a new, regional, governmental tier in Romania needs to overcome considerable obstacles, and the very first of them is the political will to induce such a change. The next programming period, 2014-2020, might constitute an impetus for more regionalisation. It will be, firstly, up to the Romanian government to “regionalise” some of the future Operational Programmes<sup>7</sup>, starting with the two OPs which are already implemented partially at regional level, i.e. SOP Human Resources Development and SOP Environment, or even to prepare 8 integrated regional development programmes. Provided that the European Commission is convinced of the efficiency and effectiveness of this approach, and of the capacity of the institutions responsible for the programmes implementation, it will most probably not have anything against approving more regionalised national OPs or 8 regional development plans. But, as Romania is a full member of the EU, it will be up to her to decide on the future of regional development within its boundaries.

<sup>7</sup> This is not possible in the case of the SOP Transport, for example, which, it is already known, will continue to focus on major, nation-wide infrastructure projects.

## ZUSAMMENFASSUNG

Als Ergebnis einer besonderen wirtschaftlichen und politischen Entwicklung sowohl auf internationaler als auch auf nationaler Ebene ergibt sich für Europa in jüngster Zeit eine immer wichtigere Rolle im Gestalten sozioökonomischer Entwicklungen. Globalisierungsdruck und Demokratisierung ermuntern zentrale Regierungen zum Kompetenztransfer. Hiervon profitieren unter anderem regionale Regierungen und Verwaltungsebenen. Während diese Bewegung im Laufe der letzten Jahrzehnte die Mehrzahl der eher liberal-demokratisch ausgerichteten Westeuropäischen Staaten erfaßt hat, stehen die neuen EU Länder einschließlich Rumänien erst am Beginn dieses Prozesses. Im Jahr 2005 und gegen Ende des fünfjährigen Verhandlungsprozesses zwischen der rumänischen Regierung und der Europäischen Kommission besaß Rumänien nicht nur acht statistisch entwickelte Regionen und einen allgemeinen Rahmen für regionale Entwicklungen wie zum Beispiel eine regionale Gesetzgebung, sondern auch eine vorläufige institutionelle Struktur, die das Schaffen und Aufrechterhalten struktureller Instrumente nach 2007 ermöglichte. Auf der Basis der Ergebnisse der Kapitel 21 “Regionalpolitik und Koordinierung der strukturpolitischen Instrumente” Verhandlungen konnten die Vorbereitungen zur Schaffung einer EU-Kohäsionspolitik nach 2005 weiter vorangetrieben werden. Im Jahr 2007 war dieser Prozeß abgeschlossen, nachdem die Europäische Kommission den nationalen Strategie-Referenz-Rahmen und auch die sieben operativen Programme offiziell genehmigt hatte. Letztere wurden dabei aus der Taufe gehoben. Hieran schloß sich die Gründung der mit dem Management der operativen Geschäfte beauftragten Institutionen an.

Die im Rahmen dieses Forschungsprojektes entstandene Analyse basiert auf einer von einer Multi-Level Governance (MLG) Methode extrahierten und von Gary Marks und Lisbeth Hooge entwickelten Methode. Sinn der Studie ist es nicht, die MLG Theorie gegen den Politik-gestaltenden Prozess auszuspielen, der für die örtliche Entwicklung in Rumänien verantwortlich ist, oder zu erfassen, in welchem Ausmaß sich die politischen Ergebnisse durch die Einwirkung regionaler Entscheidungsträger unterscheiden, sondern vielmehr zu versuchen, herauszufinden, (i) in welchem Ausmaß das rumänische System organisiert ist und wie es auf unterschiedlichen Ebenen der regionalen Entwicklungspolitik funktioniert, (ii) welche die wichtigsten involvierten Institutionen sind, (iii) auf welcher politischen Ebene all dies stattfindet (Planung, Gründung, Erfassung, Buerteilung, finanzielle Kontrolle, Überprüfung), und schließlich (iv) in welchem Ausmaß die in Rumänien vorhandenen regionalen Strukturen den Politik-gestaltenden Prozeß beeinflussen.

Das grundlegende Prinzip der Multi-level Governance besteht aus einer „Struktur autoritativer Entscheidungsfindung“ oder mit anderen Worten, einer Summe von sowohl auf Ort als auch auf die Durchführung bezogener Regierungsgewalt. Ursprünglich für die Regionalpolitik der EU entwickelt, wird das MLG Konzept momentan auch auf andere Politikfelder wie beispielsweise Umwelt, Jugend oder Wirtschaft angewandt. Den Kern dieses Konzepts bilden einige Regeln hinsichtlich der Arbeitsaufteilung zwischen unterschiedlichen Regierungsebenen. *Marks* zufolge beruht die Regierungsarbeit auf nachfolgenden Grundsätzen: (1) Politische Institutionen sind von den Politikern getrennt, (2) der Staat selbst verhält sich passiv und gibt Hierarchien vor, (3) die Einstellung der Politiker den Regeln gegenüber kann sich je nach Situation ändern. Der Staat wird als ein



von Politikern gesteuertes Gefährt betrachtet, das durch Wahlen gesteuert wird. Während die Politiker ihre Wertvorstellungen oder Interessen nach Erhalt einer leitenden Position behalten oder ändern, versuchen sie gleichzeitig, ihre Interessen mit Hilfe staatlicher Instrumente durchzusetzen, solange sie ihre Legitimität erhalten.

Auf der Grundlage des von Gary Marks und Lisbeth Hooge entwickelten multi-level theoretischen Modells repräsentiert das rumänische Regierungssystem den Typen 1 einer MLG. Eine begrenzte Zahl an Jurisdiktionen erfüllen eine Vielzahl an Funktionen wie zum Beispiel Zentralregierungen auf nationaler Ebene, Entwicklungsbüros auf regionaler Ebene, Bezirksregierungen, Präfekten, Stadtbezirksregierungen, und Gemeinden.

Der Steuerungsprozess hat sich in Rumänien in der Zwischenzeit dem internationalen Trend angepasst, eine Zentralautorität in höhere, gleichgestellte und tieferstehende Hierarchien einzugliedern. *Dieser Prozess ist **unausgeglichen** und darüberhinaus durch eine Autoritätsangleichung an **internationale Ebenen** wie zum Beispiel die EU charakterisiert. Weiterhin ist das politische System nach wie vor überaus zentralisiert. Die unteren Ebenen sind schwach, ihre Gesetzgebende Autorität ist nicht durch eine korrespondierende materielle Ebene vergrößert. Gleichzeitig beeinflussen wirtschaftliche Interessensgemeinschaften die Entscheidungsprozesse, in erster Linie durch Korruption, aber auch durch Lobbyarbeit.*

Fünf Schwerpunkte untermauern diese Hypothese:

1. Die besondere Machtposition der Europäischen Gemeinschaft wird nicht nur durch Beitrittsgespräche und Verhandlungen im Rahmen des Chapter 21 „Regionalpolitik und Koordinierung der strukturpolitischen Instrumente“ untermauert, sondern auch durch die Schaffung einer EU Kohäsionspolitik (**nach oben ausgerichtete Autoritätsangleichung**),
2. Die ausgeprägte Zentralisierung des rumänischen Systems und seine Tendenz nach Vorabhilfe (**Effizienzdefizite**),
3. Eine eingeschränkte Rolle für die Regionalentwicklung Agenturen (RDAs) im politischen Prozess (**nach unten ausgerichtete Autoritätsangleichung auf regionaler Ebene**),
4. Die Limitierungen des Dezentralisierungsprozesses und der administrativen Reform in Rumänien, die administrative Kultur und die Rolle lokaler Autoritäten, (**nach unten ausgerichtete Autoritätsangleichung auf lokaler Ebene**), sowie
5. Korruption

Zur Beurteilung des Ausmaßes, in dem ein System auf unterschiedlichen Ebenen funktioniert, sollten viele, wenn nicht sogar sämtliche Grundsätze innerhalb des Systems erfasst werden, unabhängig von seiner Organisation wie z.B. Zentralisierung, Dezentralisierung, oder föderativ. Das System als Ganzes könnte als multi-level governance eingestuft werden, sobald die Mehrheit der Grundsätze im Einklang mit den Prinzipien der MLG Theorie steht.

Wie bereits erwähnt bildet die von Marks und Hooghe entwickelte MLG die Grundlage für die vorliegende Forschung: „Eine vorläufige Festlegung der multi-level governance ist ihre Veränderung mit der Anzahl von Jurisdiktionen in einer festgelegten Region. Diese Vorgabe muss allerdings überarbeitet werden, um Bedeutung zu erlangen.“

Zunächst muss die Verteilung der *politischen Grundsätze* innerhalb der Jurisdiktionen beachtet werden. Als zweites muss der *wirtschaftliche Einfluss* festgelegt werden, also die Besteuerung und die Ausgabegewalt. Als drittes muss eine ausgewogene Festlegung von multi-level governance die *Machtverhältnisse zwischen den Jurisdiktionen* berücksichtigen.

Die Analyse hat die Mehrzahl der im Einführungskapitel vorgestellten Arbeitshypothesen bestätigt. Das Ergebnis ist überraschend: EU Beitritt und Profit von der EU Kohäsionspolitik und ihrer strukturellen Instrumente geht mit einer Machteinschränkung auf regionaler und institutioneller Ebene einher. Der Steuerungsprozess in Rumänien ist bereits in den internationalen Trend der Angleichung zentraler Autorität an höhere Ebenen integriert. Er fand zeitgleich mit der Wiedereingliederung Rumäniens in Euro-Atlantische Strukturen statt. In diesem Zusammenhang haben NATO und Europäische Union den stärksten Einfluss auf die rumänische Politik ausgeübt. Dies wurde durch den Beitritt Rumäniens in beide Organisationen verstärkt.

Die besondere Macht der Europäischen Union bzw. Kommission in der regionalen Entwicklung wurde gesichert sowohl durch die Beitrittsverhandlungen im Rahmen des Kapitels 21 „Regionale Politik und die Koordination struktureller Elemente“ als auch durch den Beginn der EU Angleichungspolitik ab dem 1. Januar 2007. Im Rahmen der Phare ESC Komponente garantieren die RDAs die Umsetzung einiger Phare ESC Prioritäten. Die Kompetenzen der RDAs werden in erster Linie durch die neuen Projekte selbst eingeschränkt. Sie tragen indirekt zur Programmierphase bei. Die regionalen Entwicklungspläne bilden eine Quelle für die nationalen Entwicklungspläne. Die Phare ESC Prioritäten wurden vom MEI / MDPWH festgelegt. Hierbei hat die Europäische Kommission die RDP Prioritäten teilweise berücksichtigt.

Die regionalen Entwicklungs-Vorstände haben Entscheidungsrechte in Bezug auf Phare ESC, da sie die RDPs und auch die Projektliste bestätigen. Ihre Repräsentanten sind auch NBRD (National Rat für Regionalentwicklung) Mitglieder und segnen als solche die nationalen Entwicklungspläne ab. Wie bereits häufig erwähnt, war das National Board for Regional Development nicht allzu erfolgreich bei der Förderung der regionalen Entwicklung. Seine Bedeutung wurde eingeschränkt auf die Genehmigung des nationalen Entwicklungsplanes, auf die Auswahlkriterien für die Phare ESC sowie auf die Infrastruktur und auf HRD Projekte. Deshalb trat das Board selten zusammen.

Wie im vierten Kapitel zusammengefasst, ist das Phare ESC in erster Linie ein Vorläufer des NSRF und nicht so sehr örtlichen Operations-Programms. Dies ergibt sich aus einem Vergleich der Anfangsphase mit der Periode von 2007 – 2013. Obwohl die von MDPWH / RDAs / RDBs zwischen 2007 und 2013 ausgegebene Gesamtsumme das Phare ESC Budget deutlich übertrifft, hat der Einfluß der mit regionaler Entwicklung beauftragten Institutionen sowohl auf regionaler als auch auf nationaler Ebene abgenommen. Ihre Verantwortung beschränkte sich auf das regionale Operations-Programm, welches 20% der verfügbaren Gesamtsumme ausgibt. Innerhalb des ROP Systems bleibt die Rolle der RDAs unverändert. Allerdings werden einige Kompetenzen der RDBs vom Ministerium übernommen.

Die örtlichen Entwicklungsagenturen bleiben ein institutionelles Werkzeug zur Ausführung der ROP und unter der Leitung des MDPWH. Während sie vom Management formulierte Aufgaben wie beispielsweise Programmierung, Evaluierung, Buchprüfung, und Ausgaben-Überwachung erledigen, besitzen sie keine Entscheidungsgewalt.

Projektauswahl und –ausführung werden ausgelagert. Weiterhin haben die RDAs kein Stimmrecht. Während die Agenturen technische Expertise hinsichtlich der Einführung regionaler Entwicklungsmaßnahmen besitzen, machen allerdings kaum einen Unterschied hinsichtlich der regionalen Entwicklung. Wie im vierten und fünften Kapitel ausgeführt, besitzen die regionalen Entwicklungspläne keine detaillierten Informationen hinsichtlich der RDP Finanzquellen, oder der Ausführung beziehungsweise Überwachung des Plans.

Die für die regionale Entwicklung in Rumänien zuständigen Institute wie der Nationale Ausschuß für örtliche Entwicklung oder der Örtliche Entwicklungsausschuß verursachen einen noch geringeren Unterschied. Ersterer wurde lediglich während der ROP Ausarbeitung konsultiert und genehmigte nicht den nationalen Entwicklungsplan 2007 – 2013, im Gegensatz zum nationalen Koordinatsausschuß.

Hooge & Marks zufolge sollte eine ausgewogene multi-level governance formelle und informelle Machtverhältnisse berücksichtigen. Eine Untersuchung der unterschiedlichen Rechtsprechungsebenen ergab eine zentrale Ausrichtung des institutionellen Systems. Aufarbeitung von Geschichte, Kultur und „modus operandi“ unterstützt die Ergebnisse der formalen Analyse. Die zentralen Autoritäten beeinflussen lokale Autoritäten über politische und administrative Kanäle. Die lokalen Autoritäten erscheinen dabei patriarchalisch. Die Ideen von lokaler Autonomie und Dezentralisierung werden noch einige Zeit benötigen, bevor sie in die öffentliche Verwaltung in Rumänien Eingang finden werden.

### **Regionale Entwicklung in Rumänien**

Es ist mehr als 10 Jahre her seit das „Grüne Buch über Regionalisierung“ und die sich anschließende Gesetzgebung einen vorläufigen Rahmen für die regionale Entwicklung in Rumänien gebildet haben. Die Entwicklungsregionen wurden definiert und die entsprechenden Institutionen sowohl auf nationaler wie auch auf regionaler Ebene gegründet. Seitdem haben diese Institutionen ihre Macht innerhalb des Rahmens der RD Gesetze ausgeübt. Anschluß an die Europäische Union ist zweifellos der wichtigste Faktor für die Entwicklung regionaler Strukturen.

Die vergangenen 10 Jahre haben keine signifikanten Veränderungen der regionalen Entwicklungen in Rumänien gebracht. Ein zweites RD Gesetz verbesserte die existierenden Anordnungen und glich sie an EU Bedingungen an. Insbesondere die NUTS II Regionen und ein Moment im Januar 2007 definierten die Grundlagen zur Einführung der notwendigen EU Anpassungspolitik. Weil die EU Strukturfonds für vielfältige nationale Prioritäten ausgegeben werden, werden sie von verschiedenen Ministerien und durch landesweite Programme verwaltet. Das Entwicklungsministerium, RDAs, RDBs und auch der NBRD blieben verantwortlich für jeweils eines von 7 Programmen, die gleichermaßen die rumänische regionale Entwicklungspolitik verkörpern.

Vom Standpunkt administrativ-territorialer Organisation aus betrachtet bilden die 8 Entwicklungsregionen keine administrativ-territorialen Einheiten. Vielmehr repräsentieren sie Vereinbarungen zwischen Bezirken und wurden nicht nur für die Datenerfassung auf NUTS II Ebene, sondern auch für die Ausarbeitung und Überwachung regionaler Entwicklungspolitik geschaffen. Gleichzeitig existiert auf derselben Ebene keine durch Wahlen legitimierte regionale Regierung mit der Befugnis, Steuern zu erheben und für sozio-ökonomische Entwicklungsprogramme Geld auszugeben. Regionale Entwicklungspläne werden zwar erstellt, haben jedoch nur einen begrenzten Einfluß, da RDAs nur mit der Ausführung solcher RDP Prioritäten beauftragt wurden, die durch ROP

finanziert wurden. Es existiert kein Mechanismus für die Überprüfung der Ergebnisse und des Einflusses jeder OP Intervention auf regionaler Ebene. Diese sozio-ökonomische Entwicklung der Regionen wird erneut für die zukünftige Periode von 2008 – 2020 analysiert werden. Dabei wird es Schwierigkeiten bereiten, den Einfluß bestimmter Interventionen zu erfassen und auch unumgängliche Anpassungsmaßnahmen einzubauen, um negativen Effekten bestimmter Interventionen vorzubeugen. Beispielsweise wird mehr als die Hälfte des SOP Transport-Budgets für den Zeitraum von 2007 – 2013 für Autobahnen, Straßen und Eisenbahnschienen im Nordwesten von Rumänien. Diese Investition wird in jedem Fall einen positiven Einfluß auf die Entwicklung Siebenbürgens haben. Schon heute hat Siebenbürgen einen erkennbaren Entwicklungsvorsprung vor der Moldau. Diese Entwicklung wird durch regionale Programme nicht aufgehalten werden können, obwohl der Verteilungsschlüssel der Gelder regionale Unterschiede berücksichtigt.

Trotz der existierenden Unterschiede stellen die gegenwärtigen Bedingungen einen vielversprechenden Ansatz dar, der es Entscheidungsträgern erlauben wird, sozio-ökonomische Entwicklungen auf staatlicher Ebene voranzutreiben, die vielversprechende Gewinne erlauben werden. Nichtsdestotrotz werden der Schaffung neuer Strukturen bedeutsame Hindernisse im Weg stehen und hier insbesondere die Politische Bereitschaft nach Veränderung. Der Zeitraum von 2014 – 2020 wird vielleicht mehr Regionalisierung erlauben. Der Hauptverantwortliche wird dabei die rumänische Regierung sein, beginnend mit zwei OPs, die teilweise bereits auf regionaler Ebene existieren. Sollte die Europäische Kommission sowohl von der Effektivität dieses Vorhabens als auch von den Fähigkeiten der beteiligten Institutionen überzeugt sein, wird sie wahrscheinlich keine Vorbehalte gegen die Genehmigung weiterer OPs auf nationaler Ebene haben. Dabei wird Rumänien als Vollmitglied der EU die Hauptverantwortung tragen.

## LIST OF ACRONYMS AND ABBREVIATIONS

ACIS	Authority for the Coordination of Structural Instruments
CBC	Cross-Border Cooperation
CEE	Central and Eastern European Countries
CF	Cohesion Fund
CSG	Community Strategic Guidelines
DIS	Decentralised Implementation System
EAFRD	European Agricultural Fund for Rural Development
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EDIS	Extended Decentralised Implementation System
EFF	European Fishery Fund
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EO	Emergency Government Ordinance
ERDF	European Regional Development Fund
ESC	Economic and Social Cohesion
ESF	European Social Fund
EU	European Union
EUR	Euro
FDI	Foreign Direct Investment
G.D.	Government Decision
GD	General Directorate
GDP	Gross Domestic Product
HRD	Human Resources Development
IB	Intermediate Body
IFI	International Financial Institutions
ISPA	Pre-Accession Structural Instrument
JASPERS	Joint Assistance in Supporting Projects in European Regions
JIM	Joint Inclusion Memorandum
MA	Managing Authority
MAI	Ministry of Administration and Interior
MARD	Ministry of Agriculture and Rural Development
MDP	Ministry of Development and Prognosis
MDPWH	Ministry of Development, Public Works and Housing
MEF	Ministry of Economy and Finance
MEI	Ministry of European Integration
MER	Ministry of Education and Research
MESD	Ministry of Environment and Sustainable Development
MIAR	Ministry of Interior and Administrative Reform
MoC	Ministry of Culture
MoLFSS	Ministry of Labour, Family and Social Security
MPF	Ministry of Public Finance
MPH	Ministry of Public Health
MTCT	Ministry of Transport, Construction and Tourism
NAE	National Agency for Employment
NARMPP	National Authority for Regulating and Monitoring of Public Procurement
NASMEC	National Agency for Small and Medium Enterprises and Co-operatives
NBRD	National Board for Regional Development
NDP	National Development Plan
NEPA	National Environmental Protection Agency
NGO	Non-governmental Organization

NIS	National Institute for Statistics
NPAA	National Programme for the Adoption of the Acquis
NRDP	National Rural Development Programme
NSRF	National Strategic Reference Framework
NUTS	Official Nomenclature of Territorial Units for Statistics
OP	Operational Programme
PCU	Project Coordination Unit
PIU	Project Implementation Unit
PPP	Public Private Partnership
PU	Paying Unit
R&D	Research and Development
RDA	Regional Development Agency
RDB	Regional Development Boards
RDP	Regional Development Plan
REPA	Regional Environmental Protection Agency
ROP	Regional Operational Programme
SAMTID	Small and Medium Towns Infrastructure Development
SAPARD	Special Programme for Pre-Accession Aid for Agriculture and Rural Development
SEA	Strategic Environmental Assessment
SF	Structural Funds
SIs	Structural Instruments
SME	Small and Medium-sized Enterprises
SMIS	Monitoring Information System
SOP	Sectoral Operational Programme
SOP ENV	Sectoral Operational Programme Environment
SWOT	Strengths, Weaknesses, Opportunities and Threats
TA	Technical Assistance
UNDP	United Nations Development Programme
USAID	US Agency for International Development
WB	World Bank
WG	Working Group

## CHAPTER I.

### INTRODUCTION

#### **1 Regions, Regionalisation, Regional Development Policy and Management of EU funds in Romania. Institutions and central problems.**

As a result of the particular economic and political evolution at both international level and on the domestic scene, in the recent decades the European regions have enjoyed an increasingly important role in shaping and managing socio-economic development. The pressure of globalisation and democratisation stimulated central governments to share or let go of a series of competencies, and regional governments have been among the beneficiaries of this process. While this movement has taken place over recent decades in most West-European, liberal-democratic states, most of the new member states of the EU, including Romania, find themselves at the beginning of the regionalisation process.

The evolution of the Romanian nation(al)-state has its similarities and its peculiarities in comparison with other Balkan or Central-East European countries. This historical evolution determines the slow pace and the particular shape regionalisation has taken in this country:

*“Political-administrative adjustments at sub-national level will be the result of specific initiatives based on their own history, identity and dynamics....this means that large-scale reorganisation of the basic structure of the State is an illusion and would not be in tune with prevailing political-administrative relationships.”  
(Hendriks, Raadschelders, Toonen 1995, 224)*

At the same time, the strongest determinant for the initiation and continuation of the regionalisation process in Romania is its choice to move closer to the European Union; this process is shaped (also) by the conditions Romania needed to fulfil in order to become an EU member. Due to this intrinsic relationship, the changes regional development policy have undergone at the European level during these last 10 years, i.e. from the 1994-1999 programming perspective, to 2007-2013, have had an impact on the evolution of regional development policy in Romania.

## 1.1 The EU Cohesion Policy and the evolution of its “regional component” in the last 10 years

The idea of “region” and “regionalisation” was introduced in Romania in the mid 90’s, before the negotiations with the European Commission for the EU membership officially started but having this perspective in the background; at that time the 1994-1999 programming period of the EU regional policy was unfolding, shaped by intense negotiations and resulting in the so-called “Delors II” package. The 1994-1999 programming period witnessed a decrease in the Commission role and a strengthening of the Member State position as regards funds allocation and implementation of Regional Policy, a tendency which has continued until nowadays. In the spirit of the subsidiarity principle, the regions’ influence and participation in the making of EU Regional Policy increased; nevertheless, this happened within the limits of the constitutional organisation of the national state as such, e.g. regions in federal or regionalised states enjoyed a heavier weight in the decision-making process; at the same time, this power shift was in practice not significantly detrimental to the central government position.

As a result of the latest enlargement round Regional Policy needed a series of adjustments in order to respond adequately to two of the major challenges the Financial Framework 2007-2013 raises: to meet the objectives of the Lisbon Strategy, i.e. “growth and jobs”, a process already endangered by the global economic recession and the hesitant reforms advanced by Member States. Secondly, these objectives are to be met not by a 15-, prosperous, European Union, but by an EU with 12 new members, countries engaged in a complex process of closing a significant economic and social development gap. In this context, the Cohesion Policy 2007-2013 concentrates on achieving “**growth and jobs**” and lays emphasises on the funds’ *effectiveness*<sup>8</sup>, and less on the particular governance/administrative-political level, i.e. wheter the funds management should be carried out at a regional or national level and where these results need to be achieved.

The three new proposed priorities of the Cohesion Policies, i.e. “Convergence”, “Competitiveness”, “European Territorial Cooperation”, and the new, reassessed, strategic and operational systems in place for the Structural Funds management between 2007 and 2013 aim to simplify the implementation work they promote and to ensure its effectiveness. The trend of “re-nationalisation” of some competencies towards the Members States continues in this programming period, an aspect which adds further

<sup>8</sup> “The fact that expected results or effects have been obtained and that objectives have been achieved” (EVALSED Glossary)



pressures on the administrative capacity of the institutions responsible for the policy management and implementation, especially in the new member states.

## **1.2 European integration and regional development in Romania**

Upon completion of the negotiation process, on 1<sup>st</sup> of January 2007 Romania became a member of the European Union. One of the chapters discussed in the framework of the negotiation process was Chapter 21, „Regional policy and the coordination of structural instruments”, based on the previous Framework regulation laying down general provisions on the Structural Funds (Council Regulation (EC) 1260/1999) and on the related implementing regulations and decisions. The accession negotiation in the framework of this chapter focused on<sup>9</sup>:

- *Legislative framework*
- *Territorial organization*
- *Programming capacity*
- *Institutional framework - administrative capacity*
- *Financial and budgetary management*

The legislation on regional policy in place beginning with 1998 was considered initially satisfactory by the European Commission. Nevertheless, several legislative changes still needed to be brought in especially regarding territorial reorganisation, i.e. the NUTS II regions, integrated planning and programming, institution strengthening and better defining competencies, and the application of the partnership principle. Systems for monitoring and evaluating the implementation of regional policy and for gathering regional statistics were still to be set up (European Commission, 2000 Regular Report, 70).

At the end of the negotiation process, in 2005, when this chapter was permanently closed, Romania had established 8 statistical development regions, a general framework for regional development, i.e. Law on Regional Development 315/2004<sup>10</sup>, and a first institutional structure to manage and implement Structural Instruments after 2007. Beyond 2005, the preparations for implementing EU cohesion policy in Romania continued and intensified, as the results of Chapter 21 negotiations represented only the base for this construction. In 2007 the Structural Instruments programming was completed; the European Commission officially approved the National Strategic Reference Framework and the 7 Operational Programmes and these entered the implementation phase.

<sup>9</sup> Detailed information on the negotiation process and the 21<sup>st</sup> Chapter are available on the webpage of the European Commission, [http://ec.europa.eu/enlargement/archives/enlargement\\_process/future\\_prospects/negotiations/eu10\\_bulgaria\\_romania/chapters/chap\\_21\\_en.htm](http://ec.europa.eu/enlargement/archives/enlargement_process/future_prospects/negotiations/eu10_bulgaria_romania/chapters/chap_21_en.htm)

<sup>10</sup> This law is already a second, improved version of the first legislative act no. 251 on regional development passed in 1998 (see Chapter II for a detailed comparison between the two legislative acts)

Subsequently, the institutions responsible for the management and implementation of the Operational Programmes and their detailed competencies were finally decided upon, (see Table 1, page 63).

This structure was set up on the basis of institutions implementing pre-accession funds, i.e. Phare, ISPA and SAPARD<sup>11</sup>. For regional development policy in Romania, currently embodied by the Regional Operational Programme 2007-2013, and for the entire structure meant to implement SIs beyond 2007, the Economic and Social Cohesion Component of the Phare National Programme is of maximum relevance, as in its framework Cohesion Policy-like programming and ERDF- and ESF-like projects were carried out. The institutions involved in the management and implementation of the Phare ESC Component became, after 2007, Management Authorities, e.g. Ministry of Development, Public Works and Housing (previously the Ministry of European Integration), Ministry of Labour, Family and Equal Opportunities, Ministry of Environment, Ministry of Transport, or Intermediate Bodies, e.g. Regional Development Agencies, Ministry of SMSEs, Regional Environment Protection Agencies.

The main macro contextual aspects of regional development in Romania need to be highlighted. On one side the legislation in force regulating regional development policy and setting up the institutional structure for its implementation has a wider scope than the shape regional policy takes currently in Romania, i.e. the Phare Economic and Social Cohesion Component and the Regional Operational Programme. The Law on Regional Development no. 315/2004 provides for regional development institutions, strategies and competencies which are not active, elaborated or carried out in practice, e.g. the National Board of Regional Development and the National Strategy for Regional Development ( as we will see in the chapters III and IV).

On the other side, socio-economic regional development is pursued through the Economic and Social Cohesion Component of the Phare National Programme (1998-2006)<sup>12</sup>, and, upon accession, by the Regional Operational Programme (ROP) 2007-2013, programmes with specific management and implementation rules and institutional delivery systems. Further on, regional development plans (RDPs) were drafted under the guidance of the Ministry of European Integration/Ministry of Development, Public Works and

<sup>11</sup> As for the programming period 2007-2013 Cohesion Policy was clearly delimited from the EU Common Agricultural Policy, the European funding for agriculture, i.e. The National Plan for Rural Development, will not be covered here.

<sup>12</sup> The implementation of this component currently runs in parallel with the ROP, and it will be finalised around the year 2010.

Housing, to serve as sources for the National Development Plans, including for the NDP 2007-2013 programming period, but these RDPs limit themselves to making an analysis of the socio-economic development at regional level and at setting up the investment priorities of the region (genuine shopping lists, in most cases), and no implementation, monitoring and evaluation mechanism are presented. These priorities will be financed from different operational programmes, but the Regional Development Agencies and the Regional Development Boards (as regional institutions) have little influence on the implementation of other OPs that the Regional Operational Programme. The setting up of the Regional Committees for Strategic Evaluation and Correlation was meant to counter-act this disconnection between the implementation of Structural Instruments and their impact at regional level, but as it has, again, no decision making power outside the ROP, it can only assess, ex-post, this impact, and not genuinely steer regional development.

Surprisingly, the analysis revealed that the implementation of the ROP 2007-2013 involves to a lesser extent the regional institutions, i.e. Regional Development Boards and the above-mentioned NBRD, than the Phare ESC (see chapter 4). This evolution confirms the weight attached in Romania to regionalisation and regional development: as this process was initiated under the EU influence, it stagnated and even regressed when this disappeared. The way it unfolds currently in Romania, regional development policy seems caught between the “quest” for regionalisation as *perceived* in this country in the mid 90’s, and the current situation at a European level, where the regional element of the Cohesion Policy is of secondary importance, after the Lisbon objective of creating “growth and jobs”.

As regards “regionalisation” as such, this process is in a very incipient phase in Romania. The development regions as such are not administrative-territorial units, with an historical identity, and the Regional Development Agencies are not public institutions, but NGOs with a public role (such as Chambers of Commerce). Although the planning and programming process for regional development was carried out at regional level in wide partnership, in the concrete, implementation phase, the national central and European institutions decided what, where and how it was financed. The county and (large) municipal councils are still powerful actors in the development process, as the county dominates the Romanian territorial-administrative structure underneath the central government. Currently the two layer structure: communes, cities and counties (all three local administration layers in accordance with the Romanian Constitution) vs. central government are deeply rooted in the mental framework of the citizens and represent serious competition for the regions.

As mentioned in the previous paragraph, the final responsibility and decision-making power as regards regional development policy, in its two delimited forms, have been permanently located at European and central level: from the National Agency of Regional Development, to the Ministry of Development and Prognosis, and finally to the Ministry of European Integration reorganised in 2007 as the Ministry of Development, Public Works and Housing. This is otherwise a general rule as regards implementation of pre-accession funds and EU Cohesion Policy in Romania.

This overall picture verifies Bache's statement, according to which "the degree of MLG through partnership across member states varies, in large shaped by the pre-existing territorial distribution of power" (Bache, 2004, 167) (see also (Perraton&Wells, 2004, 186). As the pre-existing territorial distribution of power in Romania clearly advantages the central and county government, these two layers also tend to preserve and further their power position in this newly introduced policy field, i.e. regional development.

### **1.3 Public administration reform**

The issue of public administration reform is of utmost importance for both EU Cohesion Policy and regional development. The administrative capacity of central and local public institutions determines the timely, efficient and effective funds absorption, from both the supply and demand sides: as funds suppliers, the (mostly central and regional) institutions in charge of the management and implementation of both Phare and SIs need to have the adequate capacity to carry out their tasks and to achieve the proposed output, results and impact of the programmes under their responsibility. On the demand side, as funds beneficiaries, the public institutions, at all layers, need to be able to access the funds made available for them, and implement their projects in conformity with the rules and regulations in force. For both sides co-financing capacity is important (at project level), especially in the context of SIs, where the additionality principle (at programme level) is very closely observed.

The reform of public administration, of utmost importance not only for regional development and regionalisation, but for all policies the Romanian government pursues, and for the governing act as such, has unfolded along two dimensions: **1) horizontal**, i.e. seen as "quality" of the administrative act, irrespective of its locus (local, regional, central), and **2) vertical**, i.e. decentralisation, both administrative and fiscal. It is widely admitted that the progress registered in reforming the public administration is limited. Despite a special focus on this issue during the negotiation process, it is generally

acknowledged that translating these formal measures into a change in the mentality of both the administration *and* citizens will happen only in the long run. The main factor determining the “incremental” reforms of public administration in Romania is the (lack of) political will and consensus in this sense. Even if some progress is definitely registered, especially at Ministerial level and in “avant-garde” units/departments where especially young civil servants are working, mostly in fields involving contact with foreign institutions, the general picture reflects a non-transparent, inefficient, not client-oriented, bureaucratic, clientele-like and corrupt public administration. As regards administrative decentralisation, the progress registered especially as regards clarification of the competencies enjoyed by each administrative level was for a very long time negatively counter-balanced by the defective fiscal centralisation and small and rural communities’ fiscal dependence on county councils. The new legislation in place after 2006 addressed this situation, but its impact on the capacity of local authorities to master their own development process is still uncertain.

The European Commission acknowledges in the 2006 Monitoring Report the progress made by Romania in the field, especially as regards new legislation adopted, but at the same time some still unresolved issues are pointed out: a new law on Unitary Pay for civil servants, to complement the new Civil Service Statute, is likely to be further delayed and the Government continues to rely on Emergency Ordinances to adopt laws (European Commission 2006 Monitoring Report, 37). The need for further reforming and strengthening the public administration is acknowledged in the National Strategic Reference Framework, which sets this aspect as one of the four thematic priorities of the Romanian Government in the next years, to be implemented through the Operational Programme for Development of Administrative Capacity.

Corruption, still present in Romania, is addressed here for two reasons. On one side, as Mungiu-Pippidi assesses, “extended corruption in public administration *is the direct consequence of its institutions being incapable of offering services to the population, especially highly important public services, such as justice and security*. It is the direct symptom of the lack of efficiency and the weakness of the formal Romanian institutions.”<sup>13</sup> (Mungiu-Pippidi, 2002b, 30) On the other side, corruption represents a manifestation of side-way diffusion of authority, as defined by the MLG theory.

<sup>13</sup> Here corruption is defined as a supplementary fee paid to obtain public goods, and, this is the reason for which it is an indicator of how the institutions do their job rather than of local culture or mentality. The people offer bribes to public administration for public goods it should offer for the taxes the citizens pay already. (Mungiu-Pippidi, 2002b, 140)

## 2 Clarifying and narrowing down the research field

Claval, in his “Introduction to Regional Geography” differentiates between three types of *regional policies* (Claval, 1998, 180-183). The evolution of regional policy from one type to another involved a process of *regionalisation*, i.e. the creation of a new tier in the territorial organisation of the state, with the corresponding institutions to which a transfer of competencies from the centre is undertaken (top-down).

**1. the policy of central planning by central governments and its regional dimensions.** In this case, “the national policy for planned development of the territory must determine the *general structure of networks* and guarantee the articulation of the internal space with the outside world [...]” (Claval, 1998, 181). These policies are often based on moral considerations, on the vague idea that it is better to look for harmonies or balances, than on a real understanding of the process at work in spatial organisation. (Claval, 1998, 181).

**2. regional policy conceived as the establishment of local or regional frameworks.** The actions inspired by the centralist doctrines did not give the expected results and a new, bottom-up approach was adopted. The central governments ceased to intervene directly in the spatial organisation of the economy, but *put in place the territorial structures* best designed to stimulate indigenous energies and provide locally the support and linkages they need. The hierarchy of territorial divisions must be *adapted* to the new scale of local life and the new structures need to have the corresponding *competences* and *means* to carry out the development process of their area. A significant success factor in this case is the local co-ordination of actions, among all stakeholders, public and private. (Claval, 1998, 182).

**3. actions of regional authorities,** development measures (coagulated in plans, programmes) taken by the regional actors themselves. In this framework, the local-regional competences may vary in distribution and the results are not optimal all the time, as the severely restricted nature of regional powers in the end makes the tasks of enacting coherent development policies rather difficult (Claval, 1998, 183).

EU regional/cohesion policy represents a particular approach to socio-economic development, an answer to the issues of European enlargement and furthering economic development of and integration with the new member states, beginning with the UK, Ireland and Denmark in the 70’s. The implementation system of this policy moulds the administrative organisation and structure of the Member States, an aspect which determines variations in the importance of the regional element in the process.

The Romanian case is a type I regional policy, as defined by Claval. Policy is induced and financed to a large extent by the European Union and the central government. In this context, regional development policy in Romania is carried out through the *Economic and Social Cohesion Component of the Phare National Programme, and the Regional Operational Programme*. If regional policy is defined as a policy to be elaborated, managed and implemented by legitimate regional government for/in the (historical-) administrative region under its jurisdiction, and financed mostly through the regional budget, collected by the regional government from the citizens of the region, the Romanian type of regional development policy represents only a *starting point* in this direction<sup>14</sup>.

As mentioned before, although the Regional Development Agencies elaborated regional development plans, the RDAs and the Regional Development Boards play a role only in the implementation of the priorities of these plans which are financed from the Regional Operational Programme and the Phare ESC Component. The other priorities are to be financed from other sources, i.e. OP Human Resources Development, SOP Environment, SOP Transport, the National Plan for Rural Development. These investments will, for sure, have an impact on the socio-economic development of the regions, but no mechanisms are in place for the monitoring and evaluation of their results and impact at regional level, despite the fact that for some of them, i.e. OP Environment, Human Resources Development OP and the National Plan for Rural Development, implementation is partially carried out by deconcentrated regional bodies, subordinated to the Ministries managing the respective programmes.

### **3 Overall purpose and theoretical framework**

#### **3.1 Overall purpose**

As already presented, the eight Romanian development regions do not constitute territorial-administrative units, but statistical regions, set up as a common agreement among a number of neighbouring counties. Nevertheless, Romania practices an incipient

<sup>14</sup> For a regional development model, see Keating, 2000, 4-6. He identifies four factors as underpinning and determining regional development: 1. culture and identity as factors, 2. institutions and the vehicle for the creation and transmission of culture and values and the framework for rational cooperation, 3. social relations, the existence or otherwise of a local business class and the incorporation of labour and capital in the development coalition and 4. patterns of politics and political competition and the incentives for politicians to adopt pro-development policies, look to the future and generate public goods.

type of regional development policy, as emphasised in the paragraphs above and a series of regional institutions were created in order to implement this policy.

This research aims to *analyse the role these regional institutions*, i.e. the Regional Development Agencies and Regional Development Boards, play in the framework of Romanian regional policy, as delimited in sub-chapter 2 of this introduction. The conclusions of this analysis will facilitate an *overall assessment of the regionalisation process in Romania*, its characteristics, stages and perspectives.

The analysis carried out in the framework of this research project is based on a *methodology derived from the Multi-Level Governance theory*, as developed by Gary Marks and Lisbeth Hooghe<sup>15</sup>. The purpose of this research is not to test the MLG theory against the policy-making process related to regional development in Romania in order to *explain* it [this process] or to assess to which extent the *policy outcomes are different as a result of the regional actors' involvement*; the study aims to analyse the extent to which the Romanian regional development policy-making system is organised in and functions at several levels, which are the most significant institutions involved and at which policy-making stage this involvement is registered, i.e. programming, implementation, monitoring, evaluation, financial management and control, audit; and, finally, to which extent the *regional* structures in place in Romania contribute to this policy-making process and occupy a strong position in this institutional architecture.

MLG is used here similarly to the way Bache and Flinders apply it in their 2004 book, “Multi-level Governance”, as an “*organising perspective*”, i.e. framework of analysis that provides a map of how things (inter)-relate and leads to a set of research questions (Bache and Flinders, 2004: 94). The purpose of the one of Marks&Hooghe’s latest contributions to the development of MLG theory was to “mine the relevant literatures for some conceptual benchmarks in order to facilitate empirical analysis.” (Marks&Hooghe, 2004, 16). This research doesn’t intend to bring major adjustments to the MLG theory as such, but *to start on this path of empirical analysis, by presenting and analysing regional development policy in Romania and the involvement of regional institution in its elaboration and implementation*.

The choice of the MLG theory for this analysis is justified by the fact that it is not enough to analyse the existing regional institutions and their formal competences in a

<sup>15</sup> In addition to Gary Marks and Liesbeth Hooghe, some other authors dealt with the MLG, from different perspectives (see, for a good example, Bache&Flinders, 2004, Multi-level Governance, Oxford University Press). Nevertheless, these contributions haven’t managed to change substantially the framework established by Marks and Hooghe, and this is the reason for which this research is mainly based Marks&Hooghe’s theoretical construction.



vacuum; in order to draw a valid conclusion on the weight of the regional actors in inducing regional development, they need to be seen against the background of the entire system, and in relationship with the involvement of all other institutions/layers in the regional development policy.

### **3.2 MLG as theoretical framework of this research**

Despite the richness of literature covering local and regional governments and their socio-economic development, studies with a solid theoretical background and methodology focused on these aspects in transition countries/CEECs are scarce (see also Hughes, Sasse, Gordon, 2001, 1). The existing literature and attempts of theorising are mostly based on phenomena which have developed, in a different context and it might prove difficult to apply these theoretical models to CEECs, due to their particularities. The theory of multi-level governance in this respect offers some more “espace de manoeuvre” for the researcher to analyse the power relationships between governance layers in transition countries, especially as the MLG takes into consideration informal aspects of governance, as well. Firstly, one has to keep in mind that in most ex-communist countries, as in Romania, the regional governance layer is not organised as regional government, elected by the voters in the regions, therefore (directly) legitimate and, at the same time, accountable for actions region-wide taken. Secondly, constructing a centralised system to implement the structural instruments goes back to an “inverse” “efficiency” argument: while in developed countries of MLG-type I, the externalities of the policy-making process are internalised through dividing competencies across three or four layers of administration, in a transitional, centralised system, the opposite happens: due to the weakness of the institutions at sub-national level (and, theoretically, until this sub-national level is strengthened), the externalities are tried to be controlled through a concentration of competencies in less “hands”.

### 3.2.1 Multi-level governance theory<sup>16</sup>

The Westfalian nation(al)-state has been for centuries the key concept in comparative politics, in international relations studies and in federalist studies. Nevertheless, in the last years scholars have initiated and developed an in-depth analysis of the diffusion of state authority as an effect of, among other factors, globalisation. A migration of the statal redistribution power took place “upwards”, to international institutions and trans-national corporations, “sideways”, to global financial markets and global social movements and “downwards”, to sub-national bodies of all shapes and sizes (Payne 2000:203, Hooghe&Marks 2001a: 1).

Despite some opinions that the post-globalisation nation-state is not an appropriate unit of political analysis anymore (Ohmae 1995), this remains an important actor on the international, national, regional and local arenas even if it does not monopolise power. It shares this or has it divided with and among other actors at the three mentioned levels (Payne 2000:211).

In this context the concept of “governance”<sup>17</sup> developed. Several scholars in comparative politics and public policy literature describe this phenomenon using for example the dichotomy “old”/“new” governance, where the former is understood as “steering” done by government and the later as “governing without government (as classical political theories conceive it)” via “self-organising, inter-organisational networks” (Rhodes 1996:660, see also Hix 1998 and Peters 2001, 2002). In international relations theoretical realm, especially according to the “new” International Political Economy School the international scene functions according to a “new medievalism” (Bull 1977:254, Payne 2000:206-9)<sup>18</sup>.

The concept of multilevel governance has been gradually accepted in the last years as *mirroring* as faithfully as possible the EU policy-making system<sup>19</sup>. On the comparative politics strand, a convergence in this sense emerged between pluralists, elitist and Marxist

<sup>16</sup> In addition to Gary Marks and Liesbeth Hooghe, some other authors dealt with the MLG, from different perspectives (see, for a good example, Bache&Flinders, 2004, Multi-level Governance). Nevertheless, the theoretical framework designed here is mainly based on the main results of the research carried out by Marks and Hooghe. Contributions of some other authors are taken into account to the extent 1. they are bringing something new to the main MLG theoretical body, 2. or they are particularly relevant for the Romanian study-case.

<sup>17</sup> Governance can be defined as “spheres of authority...at all levels of human activity...that amount to systems of rule in which goals are pursued through the exercise of control.” (Rosenau 1997:145 in Payne 2000:206). “The concept confirms that there has been a shift away from an authority based style of governing that has assumed the capacity of governments to exercise hierarchical control over society.” (Peters 2002:6).

<sup>18</sup> Bull suggested in 1977 that one alternative to the modern state system might be a modern and secular equivalent of the kind of universal political organization that existed in Western Christendom in the Middle Ages (Payne 2000: 206)

<sup>19</sup> See also Chrysochoou 2001:109-110

schools of thought (Marsh 1995 in Payne 2000:208). The same happened in international relations with the recent resuscitation by Risse-Kappen of transnational relations. He focuses on the interaction between states and their internal institutional structures, on one hand, and transnational relations, on the other hand (Risse-Kappen 1995, Payne 2000:210). The internal European debate between neofunctionalists and intergovernmentalists is as vivid as ten years ago. Nevertheless both parts accepted the reality of the EU multi-level system of governance<sup>20</sup>, the only bone of contention being the weight of national states in the European policy-making process.

The European Union system embodies, as several authors conclude, elements of “old” and of “new” governance (Sbragia 2000:220) corresponding to the different nature of the first vs. the second and the third pillars of the EU system (see also Chrysochoou 2001:98-100). The emphasis according to Hix is on “multi-level, non-hierarchical, deliberative and apolitical governance, via a complex web of public/private networks and quasi-autonomous executive agencies...” (Hix 1998:54). The EU is nowadays viewed rather as a network organisation, as “network governance” (Kohler-Koch 1998:11). Lisbet Hooghe and Gary Marks, critical to both realist state-centric and supranationalist accounts, bring a substantial contribution to this field through their in-depth empirical research of governance typologies and of the EU system as “polity”, and through the models for democratisation reforms of the EU they advance (Hooghe&Marks 2001a,b)<sup>21</sup>. Peters and Pierre (2004) highlight as well some further features of governance and MLG: the novelty of governance is its emphasis of *process* over institutions; MLG refers to a particular kind of relationship, *non-hierarchical*, both vertically and horizontally, between several institutional levels; MLG denotes a *negotiated* order rather than an order defined by a formalized legal framework; MLG is frequently conceived of as a *political game*, i.e. the relaxation of regulatory frameworks opens up for more strategic and autonomous behaviour among the actors (Peters&Pierre, 2004, 77-81).

The basic concept of multilevel governance consists of a ‘structure of authoritative decision-making – that is, the sum of rules, mainly *formal* but also *informal*, concerning the *locus* and *practice* of *authoritative* governance in a polity’ (Marks, 1996, 22). Developed initially for the EU regional policy, the MLG concept is currently applied to other policy fields as environment, youth or even economic policy. The key feature of this

<sup>20</sup> The Intergovernmentalists acknowledged the domestic groups involved in a “two-levels game” nevertheless co-ordinated by the national government (Chrysochoou 2001: 105)

<sup>21</sup> For a detailed overview of the different concepts developed by numerous authors in order to illustrate governance, see Marks, 1993; Hooghe&Marks, 2001a; 2001b; 2003.

structure is a set of rules organising the *functional division of labour among various levels of government*. The nature of government here is, according to Marks, underpinned by three key assumptions: (1) that one has to make the distinction between *political institutions* and *political actors*; (2) that the state basically consists of a set of rules structuring authoritative relations in the polity, but not being itself an actor; and (3) that the orientation of political actors towards the rules that constrain them may change according to circumstances (Marks, 1996:22). The state is seen more or less as machinery operated by political actors placed behind the steering wheel through, for example, elections. These political actors preserve or change their values and interest after they gained the leading/managing positions but they will remain factional and try to satisfy their interest through the state instruments at their disposal, as long as they maintain their legitimacy.

Drawing on previous theoretical and empirical research, Gary Marks and Lisbeth Hooghe developed two distinct types of multi-level governance.

**Table 1: Types of Multi-Level Governance**

<b>TYPE I</b>	<b>TYPE II</b>
1. <i>multi-task</i> jurisdictions	1. <i>task-specific</i> jurisdictions
2. <i>mutually exclusive</i> jurisdictions at any particular level	2. <i>overlapping</i> jurisdictions at all levels
3. <i>limited</i> number of jurisdictions	3. <i>unlimited</i> number of jurisdictions
4. jurisdictions organized in a <i>limited number of levels</i>	4. <i>no limit</i> to the number of jurisdictional levels
5. jurisdictions are intended to be <i>permanent</i>	5. jurisdictions are intended to be <i>flexible</i>

Source: Marks&Hooghe, 2003, 5

The first type of governance is embedded in federalism, concerned with power sharing among a limited number of governments operating at just a few levels. Type I of MLG shares a series of the characteristics of a federal system, the difference between the two being that, while federalism is confined to the national scene, MLG can be applied also beyond the national borders (Hooghe& Marks, 2003, 6; Marks&Hooghe, 2004, 17). In MLG type I, the power is shared among a limited number of jurisdictions (3), organised as a set of Russian-Dolls (“nested”). ***The respective jurisdictions cover a clearly delimited territory***. The members of one jurisdiction could not belong, simultaneously, to another jurisdiction (2). Decision making powers are shared by or divided among jurisdictions, and each of them fulfils a number of tasks, i.e. general purpose jurisdictions, and not only one (1). The system is mostly organised in a limited number of jurisdictions, i.e. local, intermediate and central level (4). “Type I jurisdictions are durable. Jurisdictional reform,

i.e. changing, abolishing, or radically adjusting new jurisdictions – is costly and unusual. Such change normally consists of re-allocating policy functions across existing levels of governance. The institutions responsible for governance are sticky, and they tend to outlive the conditions that brought them back into being.” (Hooghe&Marks 2003, 7) (5).

The second type of governance is practically the reverse of the first one. The number of jurisdictions is potentially vast rather than limited (3), these are overlapping at the same level and do not necessarily contain, hierarchically or not, other jurisdictions present at one of the potentially numerous lower levels (2,4). A type II MLG has decision power on one defined task, not on an entire package (1). Being designed to respond functionally to changing citizens needs and preferences, type II jurisdictions are more flexible than the type I ones. Their survival is depending on their adaptability to these needs and preferences. Hence, the type II jurisdictions accept and implement a vast series of changes more rapidly. (Hooghe&Marks 2001a, 15)

Recent research done on MLG by Gary Marks and Liesbet Hooghe also identified certain different policy choices characteristic for each of the two types of multi-level governance (Marks&Hooghe, 2004, 27-9). While Type I MLG represents *intrinsic* communities, i.e. the identity of the citizens within a MLG I jurisdiction strongly relates to a particular community, in a MLG Type II jurisdictions are instrumental arrangements, created in order to resolve certain, eventually non permanent, problems (*extrinsic* community). Type I governance is biased towards *voicé*, i.e. political deliberation and conventional liberal democratic institutions, where decisions are taken consciously, collectively and comprehensively and the barriers to exit are high, while Type II MLG favours *exit*, that is, a member of a jurisdiction exits when it no longer serves its needs. In the same time, the MLG I Type favours a more structured *conflict articulation*. The limited number of jurisdictions bundling diverse issues facilitate party competition and the setting out of their agendas, and, automatically, the citizens’ choice making. The MLG II *avoids conflict*. The “jurisdictional fragmentation raises the bar for articulating ideological conflict, but it concentrate the mind on improving efficiency [in the decision-making process] within existing jurisdictional bounds” (Marks&Hooghe, 2004, 29).

The existing MLG literature has come also under criticism. Peters considers that “the term remains largely descriptive rather than explanatory. The descriptive nature of a great deal of the governance literature reflects in part its attempt to capture virtually the entirety of the policy process, becoming something of later day systems analysis or structural functional analysis, of politics.” (Peters 2002, 6). “We do not have theories here

of predictive or explanatory qualities, but rather with important descriptive ambitions of guiding our research focus in new directions” (Olsson 2001, 1-2). Andrew Jordan, quoted by Stephen George (2004, 107), adds on the list some other major criticisms of MLG, as applied to the EU: MLG overstates the autonomy of the SNAs, it adopts a “top-down” view of SNAs but in the same time it focuses on SNAs to the exclusion of other actors and it mistakes the evidence of SNA *mobilisation* at EU level as evidence of SNA *influence* (see also Fairbrass&Jordan, 2004, 152).

### **3.2.2 Path dependency - a vicious circle?**

In a type I MLG system, the barriers to change the distribution of jurisdictions or of competences inside a jurisdiction are very high. Two things have to happen in order to create a new jurisdiction. Firstly, reformers must coordinate to bring the change about. Secondly, they must surpass whatever decisional barriers stand in their way (Hooghe&Marks, 2001a:15). The more rooted a jurisdiction is in other institutions, the higher the barriers to change, and as decision to “give away” competencies are taken by the actors in power, interests already organized and vested in established jurisdictions will benefit from this power shift.

A level of governance, once established, is likely to behave as a magnet for additional competencies, even if this is not optimal from a pure efficiency standpoint. Path dependency arises due to increasing returns to concentration of competencies in existing jurisdictions (Hooghe&Marks, 2001a, 16).

### **3.2.3 Flexibility & Efficiency**

As stated before, a dispersion of authority does take place in the European Union, from central governments upwards, in favour of the EU, downwards, in favours of sub-national authorities, and sideways, towards economic and social actors active at different jurisdictional levels. One of the most significant factors underpinning this authority spread is the continuously expanding and more intricate *content* of the process of governing. The governments are overloaded with work as a result of the response these have to give to the everyday more numerous and especially economic challenges of a globalised world. Gary Marks identifies three possible scenarios in which governments themselves choose to have less competencies, respectively to delegate them to other actors.

- ‘A. Government leaders actually prefer to wash their hands of authority: they actively seek to shift responsibility for some set of decisions to sub-national or supranational actors;
- B. Government leaders shift authority for some set of decisions not because they want to rid themselves of responsibility; but because some other concern outweighs their resistance;
- C. Government leaders are unable to check or reverse dispersal of authority to sub-national or supranational institutions.’ (Marks, 1996, 25-32)

Literature on MLG, federalism or new institutionalism etc., lay at the basis of their analysis the assumption that the dispersion of governance across several jurisdictions is *more efficient*, i.e. qua internalising the policy externalities, and *normatively superior*, i.e. more democratic, to central state monopoly. A decentralised governance system could be better informed, due to the proximity to the citizen. The policies made by such a system could reflect better the options and preferences of these citizens and could facilitate competition among jurisdictions, innovation and experimentation (Hooghe&Marks, 2001a, 4) despite the high coordination costs they might involve.

### **3.2.4 Informal aspects**

As Marks and Hooghe say, “a weighted measure of multi-level governance must take account of formal and informal power relations among jurisdictions” (Marks&Hooghe, 2001, 2-3), and how they interact with each other, in order for the dynamics of authoritative decision-making process to be fully understood (Bache&Flinders, 2004, 4). Both administrative cultures and as corruption bring more nuances to the formal aspects of the governing system in Romania.

## **4 Work hypotheses**

On the basis of the theoretical model for multi-level governance developed by Gary Marks and Lisbet Hooghe, the Romanian governance system, as a whole, represents a type I of MLG<sup>22</sup>. A limited number of jurisdictions, nested as “Russian dolls”<sup>23</sup>, fulfil a series

<sup>22</sup> Forms of MLG type II co-exist as well, e.g. the institutional system in place for the implementation of cross-border cooperation programmes, but they are rare.

<sup>23</sup> As we will see in the chapter 5, although the Constitution declares the administrative-territorial levels of governance as autonomous, acting independently from each other, in practice the lower local level, especially the small towns and the communes, still find themselves in a subordination position towards central government.

of functions, shared and/or divided specifically for each policy, i.e. **national** level-central government; **regional** level-regional development agencies and regional development boards<sup>24</sup>; **county** level-county councils, prefects; **municipalities** level-city/commune council, mayors.

The steering process in Romania has been already integrated into the international “trend” of diffusion of central authority towards higher, parallel and lower layers. *This process is **unbalanced** and characterised by a stronger diffusion of authority towards **higher levels** (international organisations, i.e. EU,) combined with a still **highly centralised political system**. The **lower levels are weak**; the formal authority they enjoy through legislation is not doubled by a corresponding material one. At the same time, **economic interest groups** or economic actors influence the decision-making process, through legal channels, i.e. lobby, but mostly through corruption.*

As we will see in the next chapters, this general, overarching hypothesis verifies in the case of regional development policy. The decision-making power is concentrated at the national and European levels, while at regional level a limited number of decisions are taken by the county and city councils (local administrative layer), in their quality of members of the Regional Development Boards. The authority of regional level even decreased in the framework of Regional Operational Programme implementation system, as the RDB lost its competency to approve projects financed through this programme.

Five are the core elements underpinning this main hypothesis:

1. the particular power position the European Union/Commission enjoys in this field, position assured by the accession talks and the negotiations having taken place on Chapter 21 „Regional policy and the coordination of structural instruments”, as well as, after 1<sup>st</sup> of January 2007, as initiator and coordinator of EU Cohesion Policy implementation (***upward diffusion of authority***);
2. the high degree of centralisation of the Romanian management system for pre-accession aid and structural instruments (***path dependency/efficiency issue/administrative culture in Romania***);
3. the limited role of the RDAs in the policy-making process (***downward diffusion of authority – regional dimension***);
4. the limits of the decentralisation process and of the administrative reform in Romania, the specific administrative culture in this country and the role local authorities play in the policy making process as regards Cohesion Policy (***downward diffusion of authority – local dimension***);

<sup>24</sup> Which have competences regarding regional development policies only.



5. corruption (*one of the manifestations of sidewise diffusion of authority*),

Although their setting up as such constitutes an important step for the regionalisation process in Romania, *the regional institutions currently in place in this country enjoy a limited number of competencies, narrowed down to this policy field, i.e. socio-economic regional development/implementation of a part of the Phare ESC Component and the ROP, only.*

As regional NGOs of public utility having jurisdiction on a non-political-administrative region, it proved difficult for the development regions and Regional Development Agencies to compete with the county and county councils, as regards legitimacy and competencies/power position in the EU Cohesion policy-making process. There is a two-fold explanation for this situation: the “county” has been a permanent presence of the territorial-administrative scene in Romania for at least 150 years. Further on, the county councils represent the “transmission belts” of central government’s policies in the territory; most of these are still elaborated and decided at central/European level. The Regional Development Boards, composed of the representatives of the local administration, lack direct political legitimacy for the regional level, and its members act in competition (each of them trying to promote its own local interests and projects) and not for the benefit of the region as a whole.

Despite the numerous institutions bound by legislation to be involved in making the regional policy, if one takes a closer look at their membership structure, they are rather overlapping. Ultimately, the same people make decisions, respectively, the ministry in charge with regional development and the county councils: the Minister of European Integration/Ministry of Development, Public Works and Housing, is the president of the National Board of Regional Development<sup>25</sup>, half of the members of the NBRD are presidents and vice-presidents of the Regional Developments Councils, actually presidents of the county councils. As mentioned above, power in the regional development policy field is concentrated actually in the hands of the European Commission, central government and, to a more limited extent, counties.

As a consequence, the RDAs have had limited input in elaborating, managing and coordination of Cohesion Policy. Their role is restricted to implementation of programmes, namely, the implementation of the two programmes, Phare ESC and the ROP. At regional level, the Regional Development Boards enjoy decision making power, as provided for by the Law on Regional Development 315/2004. On one side, as mentioned before, their

<sup>25</sup> See the Decision no. 772/14.07.2005 regarding the approval of the Rules for organising and functioning of the National Board for Regional Development, [http://www.mie.ro/\\_documente/cndr/hg772\\_2005.pdf](http://www.mie.ro/_documente/cndr/hg772_2005.pdf)

members represent the local, and not the regional level, as the local level is their source of political legitimacy. On the other side, their competences decreased considerably under the ROP, local authorities being beneficiaries of funds and projects being approved by the Ministry, and not by the RDBs (not even as members of the Monitoring Committee) or by the National Board of Regional Development anymore, as it was the case with Phare ESC.

The assertion made by Hooghe and Marks regarding MLG and path dependency is fully recognisable in the Romanian case. Statistics prove the strong identity the citizens have vis-à-vis the “county” and the weak regional one (EWR 1/2002, page 32). As we will see in the chapter 5, the “judet” have never disappeared from the territorial-administrative structure of Romania since the first reforms in the 18<sup>th</sup> century, while the regional level, between judet and national level also co-existed until 1968 but in different forms and under different names. The last decades of the communist regime and the significant transformation the county experienced practically *pinned down the two levels structure presently in force in Romania*. This factor hampered the realisation of a radical administrative reform, in the sense of introducing a regional governmental layer, especially in the context of full economic and political transition. The regional structures were created using the European integration momentum, but the new competences regarding regional policy were distributed to already in place jurisdictions, as the central and county governments.

On the contrary, as regards MLG efficiency and flexibility, the reality in Romania doesn't verify the theoretical assumptions. Although decentralisation may lead, in theory, to a more efficient governing system and is normatively superior to centralisation, in Romania the latest remains, to a large extent, the core organisation and steering principle, at least informally. This choice is made by the central government, not willing or able to take the measures necessary for the country to face the challenges of globalisation, integration and democratisation. Partially this choice is justified, as the local level capacity to steer development is low; nevertheless, this vicious circle needs to be broken, and administration needs to be reformed in order for this to be able, at all levels, to carry out its development tasks. Unfortunately, the political forces haven't reached consensus yet as regards the measures to be taken in order to break this cycle. Formally some competencies have been decentralised to county and local level, but these local authorities mostly lack the skills and financial means (especially at small municipality and commune level) to appropriately deal with the challenges of decentralisation.

For the very same reasons, the management system in place for the EU funds is highly centralised. Interesting to see is that exactly “efficiency” was envisaged when the

system was constructed on this principle. Further than acknowledging the fact that most of the objectives of the pre-accession programmes and the ones through which structural instruments will be implemented have a sectoral, nation-wide or central nature, and not regional, we have to keep in mind that the one of the most important reasons for which sub-national public authorities have limited competences vis-à-vis socio-economic development is their limited capacity to deal with the responsibilities related to this activity.

## 5 Methodology

In order to assess to which extent a political-administrative system functions “in a multi-level” manner, several, if not all, policies elaborated by and implemented within the system should be assessed, regardless of its organisation, i.e. centralised unitary, decentralised unitary, regionalised unitary, federal<sup>26</sup>. The system as a whole could be qualified as multi-level governance if most of the policies are made and carried out according to the principles of the MLG theory.

Up to this date most studies on MLG have been carried out in the field of Cohesion Policy, where the principle of “partnership” was introduced for the first time almost 20 years ago with the declared purpose of involving the local and regional authorities in the policy-making process. Later the principle of “partnership” was extended to cover economic and social stakeholders. The intense discussions regarding the administrative reform of the EU institutions, including the debate launched with the White Paper of Governance in 2001 transformed MLG in a *normative* standard for making policy in the EU and new policy-making instruments, reflecting this policy-making manner were proposed, e.g. open method of coordination<sup>27</sup>.

As mentioned before, the methodology for this research is based on the MLG theory, as developed by Marks and Hooghe. As Hooghe and Marks say, “a first approximation to measuring multi-level governance is to say it varies with the *number of jurisdictions* bearing on individuals in a particular territory. But this measure must be refined if it is to be meaningful. First, it must take account of the distribution of *policy*

<sup>26</sup> See Loughlin 2000, 26-7

<sup>27</sup> See Mr. Prodi speeches: “I believe we have to stop thinking in terms of hierarchical layers of competence separated by the subsidiarity principle and start thinking, instead, of a networking arrangement, with all levels of governance shaping, proposing, implementing and monitoring policy together.” *Romano PRODI, European Parliament – 15 February 2000*; A strong Europe is not the same thing as a centralised Union. Far from it. The way to achieve real dynamism, creativity and democratic legitimacy in the EU is to free the potential that exists in multi-layered levels of governance”, ROMANO PRODI, After Reform: a future strategy for Europe as a whole, 1.02.2001 on <http://www.evropska-unie.cz/eng/speech.asp?id=537>

**competencies** across jurisdictions. Second, it must take particular account of **fiscal power—the power to tax and spend**. Third, a weighted measure of multi-level governance must take account of **formal and informal power relations among jurisdictions**” (Hooghe&Marks, 2001a, 2).

This study will concentrate on two main aspects: **formal** sharing of authority in the regional development policy field and **informal** aspects influencing the formal “picture” offered by official documentation and statements. The second element in the methodology proposed by Marks and Hooghe does not need further investigation, as it is a well-known fact that the RDAs have no power to tax and spend; they just manage a pre-given budget, i.e. the regional share of the financial allocations for Phare ESC and ROP, decided at central level. The RDBs cannot tax and spend as regional institutions, only its members have this competence at local level, in their quality of local administration representatives. Their contribution to the regional development policy represents the co-financing of their own projects, approved and implemented in the region, but mostly with a local impact.

## **5.1 Distribution of policy competencies across jurisdictions**

The first aspect, the formal distribution of competences across jurisdictional layers, forms the bulk of this research and the methodology for carrying out the respective analysis is closely designed on the MLG theory as developed by Marks and Hooghe. The assessment of division and sharing of authority in the policy field of cohesion policy, will concentrate on *institutional actors*.

As identified before, the Romanian governance system is a type I MLG; the jurisdictions identified in this system are the country in its entirety/the national level, the county and the municipalities/the local level (as defined by the 2003 Constitution). In the specific case of the regional development policy, the European and regional levels constitute jurisdictions as well.

The main competencies fulfilled by these layers in the framework of the regional development policy are: *programming, implementation (including project generation, appraisal, selection), strategic and operational monitoring, evaluation, information and publicity, financial management and control, and audit*.

Firstly, the institutions involved horizontally at *national level* in the management and implementation of the Phare National Programme<sup>28</sup> and of the National Strategic

<sup>28</sup> National Aid Coordinator, National Authorising Officer, Joint Monitoring Committee.

Reference Framework and the 7 Operational Programmes<sup>29</sup> will be identified and their role relating to the identified core competences presented and analysed. The motivation for this approach is twofold: these institutions enjoy decision-making power for issues related to regional development policy. At the same time, this analysis will demonstrate the high degree of centralisation of the entire system in place for the management of EU funds.

Secondly, the focus will switch to the institutional structure in place, *at national and regional level*, for the Phare Economic and Social Cohesion Component and the Regional Operational Programme. The role of each institution involved will be presented and analysed in relation to the identified core competences. Based on this detailed picture, a *qualitative* assessment of the weight of each institution involved will be carried out. This weight will be determined firstly by the role played by a certain institution, i.e. *decision-making vs. simply operational or source of information for processes managed by other institutions*, e.g. in the case of projects appraisal and selection for the ROP, the RDAs manage this process, carried out by external evaluators, but the Ministry is deciding upon the projects to be finally implemented. The *accumulation* of competencies will also contribute to defining the power position of each institution involved. The more competencies it has and the more decisions its takes, the more powerful an institution is.

## 5.2 Informal power relations among jurisdictions

As mentioned above, a first distinction needs to be made between *formal* and *informal* realities. Formal realities are easily “traceable” and, consequently, analysed, as they are recorded in different official sources. As informal aspects, this analysis concentrate on *public administration culture* and *corruption*, as mentioned also by Marks and Hooghe in their studies. These two issues are treated indirectly, by making use of the rather exhaustive second literature existing in the field. The centralistic and politicised public administration culture in Romania suggest that *the central government enjoys even more power* than formally distributed to, while corruption, at governmental level, illustrates the power of the economic actors exercising their influence through different, unofficial and illegal channels. One should, nevertheless, underline the fact that this informal background proves in no way concrete, for example corruption, phenomena unfolding in the institutions involved in the managing of the structural/pre-accession funds; sketching this background seeks to colour the rather “black-and-white” picture of the formal sharing and division of authority in the field of cohesion policy, and at giving some

<sup>29</sup> National Coordination Committee for SIs, Management Co-ordination Committee, Authority for the Coordination of Structural Instruments, Certifying and Paying Authority, and Audit Authority

hints regarding what might happen beyond the rigorously designed institutional architecture.

### 5.3 Literature overview

For the purpose of this research in a first phase a thorough desk-based research was carried out. As regional development is a new concept in Romania, the literature of high analytical value in this field and country is scarce and the policy-making process not very transparent, the need for empirical research proved significant.

As written sources, I referred mainly to legislation in the field and primary and secondary literature. Limited use is made of mass-media sources, due to their less clarity, and often less accurate information they display<sup>30</sup>.

Considering the (institutional) actor-centred approach of the present research, basic legislative arrangements, i.e. Romanian Constitution and the EU (constitutional-) treaties which are setting up the check-and-balance institutional system, constitute the starting point for research and assessment. Further legislation carrying out institutional engineering and/or designing and implementing policies (European and Romanian legislation on the co-ordination, management, and implementation etc. of the Structural Funds, Romanian legislation on public administration and regional organisation and development) give numerous details on the formal division of competences.

The literature on regionalisation in Romania doesn't account for many contributions. As in the case of most CEE countries, the studies dealing with this process mainly *describe* the legislative, institutional and political evolutions in the field. Some interesting technical studies on the regional disparities in Romania, before and after 1989 and other subjects could be found systematically in the Romanian Business Journal and Revue Roumaine de Geographie. Some other, mostly descriptive studies, were issued by the Open Society Foundation, the Romanian European Institute and the Polirom Publishing House. Very few studies are dealing with the power relationships between the four "governance" levels on a solid theoretical basis accompanied by an in depth analysis and empirical research.

On the Romanian side, several national action and developments plans, programmes and strategies for the adoption of the "acquis communautaire", for reinforcing

<sup>30</sup> This aspect rather underlines how scanty and blurred information in the field reach the mass-media and, further than that, the population. From my personal practical experience the issue has two causes: on one side the emitter provides the receiver with limited amount of information, but on the other side the receivers do not possess the necessary tools to understand properly the complex details.

administrative capacity and for regional development, constitute important sources of information as well. Some of the most reliable sources of information on public administration, decentralisation and regionalisation in Romania are the publications of the Romanian Academic Society and its Romanian Centre for Public Policy and the works of the Institute for Public Policy in Bucharest, conducted under the co-ordination of the Open Society Foundation. The same Foundation initiated in Budapest the Local Government and Public Reform Initiative, a research programme under whose label high quality works in the field are published. The publications of the United Nations Development Fund in Romania, especially the Early Warning Reports supply as well relevant and reliable data in the field of interest of this study.

The literature, primary and secondary, on multilevel governance in the EU and on regional policy as MLG study case is abundant. In Germany Beate Kohler-Koch, Fritz Scharpf, Markus Höreth, M. Jachtenfuchs, Katrin Auel, Arthur Benz, Thomas Esslinger, Tanja Börzel are analysing the process, while the anglo-saxon literature in the field is dominated by Liesbet Hooghe and Gary Marks, B. Guy Peters and Jon Pierre, Simon Hix, Michael Keating, James Rosenau, Alberta Sbragia, Ian Bache. Nevertheless, the analysis carried out here will mostly rely on the theoretical model developed by Marks&Hooghe. At the same time, the shortcomings of this theoretical framework, especially its rather descriptive than explicative nature, haven't been addressed yet, at least not systematically and with no overhauling results. As previously mentioned, a very recent publication (Bache, I.&Flinders, M. Multi-level governance, eds. 2004) tried to address some of these limits and to further the research in this direction. As regards MLG in Romania, no study using this theoretical framework is available at the moment.

#### **5.4 Empirical Research**

Empirical research verifies in practice, “on the ground”, to which extent the balance of power prescribed in legislation also functions in the territory in the day by day policy making process. Interviews carried out in 2004, 2005 and 2008 with Directors and employees of RDAs, RDBs, county councils, Ministry of European Integration, Ministry of Public Finance, have provided essential information for the completion of this research (see annexed interviews resumes).

Although not directly linked, the internship carried out in 2004 at the House of Flevoland Region in the Netherlands helped me significantly in understanding the

functioning of the EU Regional Policy and its interaction with the domestic development policy practiced at the regional level in this country.

Last but not least, working within the Romanian Authority for the Coordination of Structural Instruments, Ministry of Economy and Finance, the institution in charge with the preparation and coordination of the SIs implementation for 2007-2013 enabled me to have real insight in the aspects constituting the subject of this research.

## **6 Organisation of the thesis**

This *first chapter* introduces the context, actors, main literature in the field and central problems to be addressed in this thesis. The purpose, objectives and working hypothesis of this research project are also presented here, as it is the case with the multi-level governance theory, as analysis framework, and the methods extracted from this and used in order to address the work hypotheses.

Due to the novelty of the subject, escaping the trap of description proved difficult. The choice of writing a separate chapter, the *second* one, comprising background information, was determined by two reasons: firstly, if these pieces of information had been introduced in the core chapters, the latest would have been too descriptive and long, limiting the space for analysis as such. The second motive was my intention to give readers a choice: the readers already familiar with the subject can leave out the second chapter and go directly to the core analysis, the ones not familiar with the subject benefit of a concise overview of the issues of outmost relevance for this research project.

The *third* chapter was initially introduced at the end of the thesis, before the concluding chapter, in order to complete the analysis carried out on the Phare ESC Component and ROP management and implementation systems; nevertheless, considering the fact that it deals with the public administration (evolution, organisation and culture) and corruption issues, it is more fitted for this part to actually set up the context in which the regionalisation process and regional development policy unfold in Romania.

On this background, created by the second and third chapters, the *fourth* chapter focuses on the PHARE Economic and Social Cohesion Component and on the institutional architecture built up for the programming, implementing, controlling, monitoring and evaluation of the funds in question. The first part of the chapter will shortly introduce the Phare National Programme in its entirety, with a focus on the main institutions involved in



its management, as these institutions play a decision-making role for the Phare ESC as well. The second part concentrates on the analysis of the institutional system in place for the Phare ESC management and implementation.

The same approach will be used in the *fifth* chapter, covering Structural Instruments and the institutional structure prepared for their management and implementation; as these institutions have completed only the programming phase and entered in implementation at the end of 2007, a complete assessment on their overall performance will be possible only at the end of a policy-making cycle, in 2014-15, respectively.

The *sixth* and last chapter will draw conclusions on the involvement of each layers in the policy-making process related to regional development in Romania, and as regards regional development as such, respectively on regional development policy, institutions, perspectives in this country.

## 7 Conclusions

More than 10 years after the “Green Book on Regionalization in Romania” was published, the purpose the eight development regions and regional bodies were set up for, respectively to create a frame and strong institutions for the implementation of the EU regional development policy in Romania can be considered, to a significant extent, fulfilled. Nevertheless, this does not imply in any way that the regionalisation process in Romania is completed; actually, the state of the art from this point of view suggests that it only started and its development is uncertain, as even the only factor which stimulated it until 1<sup>st</sup> of January 2007, the European Integration, disappeared. The development of the, by then, “Regional Policy”, into the nowadays “Cohesion Policy”, marks the decrease of the “regional” element involvement in this policy, as a high share of the policy’s budget is spent in “Convergence” countries, having *different socio-economic development needs and administrative organisation* in comparison with the older Member States.

The bottom line of the whole discourse regarding Cohesion Policy and structural instruments is that their largest share is spent on sectoral needs, through programmes elaborated, managed and most of the time implemented as well, at central level. The regional institutions created almost 10 years ago play only an operational role in implementing 20% of the ERDF, ESF and EC funds allocated to Romania, funds

distributed not through 8 regional development programmes, ideally respecting the particularities of each region, but through, paradoxically, a national Regional Operational Programme and other sectoral six (see chapter two for their detailed presentation). Transforming the 8 development regions in territorial-administrative tiers will most probable not happen in the near future.

Diffusion of authority from the central government has taken place since the regime change. This process can be characterised as unbalanced; the upwards diffusion of authority, towards the EU, especially, and sideways, towards economic interest groups, seems stronger than towards lower levels of administration. In the case of the Regional Policy, despite the “richness” of bodies/actors which are bound through legislation to be involved in the policy-making process, these are rather overlapping if one takes a closer look at their membership structure. In the end the same people take decisions at all levels: the Minister of European Integration/Ministry of Development, Public Works and Housing is the president of the National Regional Development Council but half of the members of the NRDC are presidents and vice-presidents of the Regional Developments Councils, actually presidents of the county councils. The decision making power is concentrated actually in the hands of the European Commission, Ministry of European Integration (Ministry of Development, Public Works and Housing)/Ministry of Economy and Finance/government and counties.

The proper conditions for elaborating and implementing regional policy are created after other problematic issues, from political and macro-economic stability until administrative change are fully addressed. Once these reforms completed, a re-arrangement of the units composing the territorial structure of the country and of the competencies of each administrative-governmental layer becomes possible. Through decentralisation towards both local and regional levels, the power of the central government and of the county councils should decrease, at least theoretically. Therefore, the central and county government should voluntarily renounce to some of their competences in order to enhance the position of the local and regional government/structures.

Despite some progress being registered in formally reforming administration and decentralising certain competences towards the local level, the Romanian political leaders have been more inclined to preserve power at any costs and than giving it away. Carried out adjustments to political-administrative/territorial institutional arrangements, necessary for optimally steering the development process, came as a response to accession negotiations and not as actions taken by a central government aware of the necessities of these reforms. At the same time, the changes operated verify the path-dependency

assumption made by Marks and Hooghe that new competencies tend to be awarded to institutions already having jurisdiction in a particular sector and territory.

At the same time, the lack of expertise at local level, both specific to implementation of structural instruments and to wider development policy, determined the European Commission to favour, in Romania as in all new MSs, a management system concentrated in the hands of the central government. If this move might prove effective in the short-term, as the funds will be faster absorbed, in the longer run the central authorities will be overwhelmed by the numerous tasks implied by the process, and, if there are no SNAs prepared to take over some of the competencies and responsibilities localised now at central level, the system will block. The natural action to be taken would be to prepare the public administration beneath the central level to fulfil tasks as regards European cohesion, regional and (generally development) policy, but, as mentioned in the previous paragraphs, on one side some other priorities are to be found on the agenda of political leaders and, on the other side, the central government wouldn't take such measures if these touched their power base. It is a vicious circle and the qualitative reform of the administrative system, as a whole, and, more important, the political will to do this, are central to breaking it.

As already stated, I expect to find an already penetrated system of governance in Romania. The accession process and especially the process of adopting the "acquis communautaire" already transferred powers once belonging to the central government towards the EU level: "The process of Europeanisation, i.e. extending the boundaries of the relevant political space beyond the member-states, will contribute to a change of governance at national and sub-national levels. Being a member of the EU is concomitant with the penetration of the governance system; any polity which is part of such a penetrated system is bound to change in terms of established patterns of governance." (Kohler-Koch 1998:2).

CHAPTER II

**ESCAPING THE DESCRIPTION TRAP: BACKGROUND  
INFORMATION ON ENLARGEMENT, PRE-ACCESSION AID, EU  
COHESION POLICY, REGIONAL DEVELOPMENT AND PUBLIC  
ADMINISTRATION IN ROMANIA**

As mentioned in the introductory chapter, due to the rather recent history this research addresses, escaping the trap of description proved difficult. The aim of this second, descriptive chapter is twofold: firstly, to present a series of necessary background information which, if introduced in the other chapters, would have fragmented them significantly and reduced the space for analysis as such. On the other side, this chapter gives the possibility to make a choice: the readers already familiar with the subject can leave out this background information and go directly to the core analysis, but at the same time, it offers other readers, less familiar with the issues addressed, the possibility to benefit of a concise overview on the most relevant issues on the basis of the study. In this second chapter information on the EU Enlargement Policy, the Romanian case, the EU pre-accessions financial support, the evolution of the EU Regional/Cohesion Policy, implementation of the EU Cohesion Policy in Romania, legislative framework for regional development policy in Romania, i.e. Law no. 315/2004, Public administration organisation in Romania will be presented.

### **1 EU Enlargement Policy and Romania**

Romania was one of the few communist countries practicing a more independent trade policy before 1989. It strongly opposed COMECON<sup>31</sup>, because of its impact on the national sovereignty, and in 1969 followed the Polish example and concluded an agreement with the EEC that permitted to a range of Romanian agricultural products to be exported to the EC without supplementary levies. In 1976 Romania negotiated an agreement on exports of textiles with the EC, followed in 1980 by a full trade and cooperation agreement (Grilli 1993, 74). In 1985, Romania expressed its intention to further its collaboration with the EC through a renewed trade and co-operation agreement. The negotiations for this second trade and co-operation agreement between Romania and

<sup>31</sup> The Council for Mutual Economic Assistance, Economic organization from 1949 to 1991, linking the USSR with Bulgaria, Czechoslovakia, Hungary, Poland, Romania, East Germany (1950–90), Mongolia (from 1962), Cuba (from 1972), and Vietnam (from 1978), with Yugoslavia as an associated member. Albania also belonged between 1949 and 1961.

the EC started in April 1987, and they continued with ups and downs. In June 1989 they were interrupted by Ceausescu, due to the events unfolding in the other communist countries, which spilled over in the falling of the communist regime in Romania as well. After the first Romanian post-communist free elections took place, in May 1990, the discussions with the EC were restarted at the initiative of the new Romanian government; the new trade and cooperation agreement was signed by the EC in October 1990 and entered into force in March 1991.

The Romanian Trade and Co-operation Agreement has similar features as the agreements signed by the EC with the other ex-communist countries. Practically these agreements gather in one single document all previous decisions regarding the trade between Romania and UE, i.e. the general agreements and the sectoral ones in agriculture, textiles and steel. The EC retained the right to apply safeguards if necessary, while the elimination of the other set up quotas was planned. The basic principles of East-West trade relationships were reinforced, also the reciprocal “most favoured nation” (MFN) status and the elimination of trade barriers (Pinder 1991, 83).

Continuing to get closer to the EU, in 1993 Romania signed the *Europe Agreement*, instituting an association with the European Communities and their member States, agreement which created a free trade zone between the two parts. After the decision of the 1993 Copenhagen European Council as regards the possibility of the associated states from Central and Eastern Europe to become members of the European Union if they meet the necessary economic and political criteria, on 22<sup>nd</sup> of June 1995 Romania submitted its application for EU membership, a few months after the Europe Agreement had entered into force (on 1<sup>st</sup> of February 1995).

After the European Commission adopted in 1997 the Agenda 2000, the accession process with all 10 CEECs candidate counties and Cyprus was formally launched in Brussels on 30<sup>th</sup> of March 1998. It included a **pre-accession strategy**, yearly updated after 1998, **the accession negotiations**, a “**screening**” of the EC legislation and a **review** procedure that comprised regularly reports issued by the European Commission.

In this context Romania signed in 1998 the *Accession Partnership* (amended in December 1999, January 2002 and May 2003), which identified, on the basis of the enlargement talks and the conclusions of the Commission Regular Reports, the short and medium-term working *priorities* Romania needed to address in order to fulfil the accession criteria. The Accession Partnerships also indicated the *financial assistance* made available by the European Union in order to support Romania to take the measures necessary for this purpose.

In December 2004 the accession negotiations were concluded, and on 25<sup>th</sup> of April 2005 Romania signed the Treaty of Accession, becoming an EU member on 1<sup>st</sup> of January 2007, in conformity with the accession calendar.

## **2 The EU pre-accessions financial support**

In December 1989 PHARE was set up, a programme for financial assistance directed initially to Poland and Hungary (the acronym comes from *Pologne, Hongrie, Assistance à la Réstructuration Economique*), extended in the following seven years of the 90s to 12 recipient countries (Henderson, 1999, 95). Initially, the programme did not provide funding for macro-economic stabilisation, but for micro-economic change, and the initial main targets were: privatization, restructuring of enterprises, banking and financial services, SMSEs, social issues (Pinder 1991, 90).

Romania was included in the PHARE programme in 1990, as the second most important net recipient, after Poland. Beginning with **1998**, as the enlargement process was launched, PHARE's "pre-accession focus" was enhanced, and it became the main financial instrument for the pre-accession strategy implementation, with three objectives:

- 1. *Strengthening public administrations and institutions to function effectively inside the European Union.***
- 2. *Promoting convergence with the European Union's extensive legislation (the *acquis communautaire*) and reduce the need for transition periods.***
- 3. *Promoting Economic and Social Cohesion*<sup>32</sup>.**

In 1998 the financial assistance accorded to Romania amounted to 117 MECU, for the priorities identified in the Accession Partnership, and for the participation in the Community programmes<sup>33</sup>. In 1999 Romania was the beneficiary of more than 200 MEURO. From this amount 166,9 MEURO were allocated to the 1999 National Programme, and 50 MEURO for the participation of Romania to general programmes for all the candidate countries, in areas like environment, infrastructure, cross-border co-operation, SMSEs. An additional 5 million were allocated for a cross-border co-operation programme (CBC) with Bulgaria and 5 more million for a co-operation programme with Hungary. In total the PHARE programme allocated € 1.203 billion to Romania during the period 1990-1999.

<sup>32</sup> See [http://ec.europa.eu/enlargement/financial\\_assistance/phare/index\\_en.htm](http://ec.europa.eu/enlargement/financial_assistance/phare/index_en.htm), and the Council Regulation 3906/89, 2005 consolidated version, art. 3 (3)

<sup>33</sup> Funds were provided also under the Catch-up Facility (16 MEURO), for the rehabilitation of the mining sector and restructuring of financial institutions (1998 Commission Report on Romania, page 7).

In 2000 the EU financial assistance witnessed a major reshuffle, underpinned, on one side, by the complexity of the preparations Romania needed to carry out in order to become a EU Member, and by the heated discussions on the Financial Framework 2000-2006 which had to take into account the probability of a new enlargement round to take place in this time span. During the 1999 Berlin European Council an agreement was reached as regards future allocation to the potential new member states. Two new financial instruments, ISPA and SAPARD, were designed to address particular problematic issues in the candidate countries, i.e. transport and environmental infrastructure, (future Cohesion Fund-like projects) and respectively agriculture (future EAGGF/now EAFRD), allowing Phare to concentrate on concrete aspects of the accession process, including preparing for implementing Structural Instruments.

After the major reorganization carried out in 2000, Phare's priorities became 1. ***Institution building*** and 2. ***Economic and Social Cohesion***. 70% of the total Phare funds are invested into the first priority, shared approximately equally by the two sub-priorities ***1.1. Institution Building/ Transfer of know-how*** and ***1.2. Institution Building involving Investment***. Towards the second priority are directed the rest of the 30% of the funds<sup>34</sup>. The priorities are tightly co-ordinated, investments projects implemented with Phare funds acquire added value through specific transfer of knowledge (or the other way around) (see also "Guidelines for Implementation of the Phare Programme in Candidate Countries for the period 2000-2006", page 5-8).

Under ***Institution Building/Transfer of know-how*** the candidate countries are assisted in their efforts of strengthening the administrative capacity of diverse domestic institutions in order for these to cope with the membership requirements. The appropriate adoption and implementation of the *acquis communautaire* and automatically the country capacity to face the EU membership challenges depend on the professionalism and efficiency of the national administration and judiciary. Further than technical assistance projects, through two specific sub-programmes, ***Twinning*** and, more recently, ***Twinning Light***, the expertise of older Member States is made available to candidate countries, through long- and medium-term secondment of civil servants and accompanying expert missions. The task of reforming administration and judiciary in the CEECs has proved no easy job and the value added of these two sub-programmes has been continuously confirmed in the last years.

<sup>34</sup> There are some slight fluctuations, on a yearly basis: between 28% and 35% of the Phare money goes to ESC Component in the years 1998-2004.

***Institution Building involving Investment*** concentrates on efforts to be made in order for the (future) Member State to align with the EU norms and standards in different fields. Investments are made in key regulatory institutions whose equipment or infrastructure need to be upgraded in order to monitor and enforce the *acquis* effectively and only on the basis of a clearly-cut government strategy on public administration reform, modernisation and governance and in conjunction, if necessary, with Institution Building projects involving the transfer of the related “know-how”.

The second priority of the Phare programme is to co-finance investments in ***Economic and Social Cohesion***, through measures similar to those supported in the Member States by the European Regional Development Fund (ERDF) and the European Social Fund (ESF). The aim of these investments was to promote the functioning of the market economy and the capacity of enterprises to cope with competitive pressure and market forces within the EU. The National Development Plan (NDP) represents the key planning instrument for the Phare Economic and Social Cohesion Component. This document was meant to evolve into the national development plan and programming documents a member state should have prepared and submitted to the European Commission in accordance with the 1260/1999 Council Regulation in order to receive Objective 1-like of assistance from the EU.

Three types of Phare programmes were implemented in the acceding and candidate countries: ***national, cross-border cooperation (CBC)*** and ***multi-country&horizontal programmes***. The Phare National Programme accounts for the largest part of the budget (slightly more than 70% in 2003<sup>35</sup>). The Accession Partnerships, Regular Reports and the National Programmes for the Adoption of the *Acquis* (NPAA) constitute the basis for Phare programming (see Chapter III).

The ***Phare Cross-Border Co-operation Programme*** assists border regions of acceding, candidate and neighbouring counties to surmount together specific development problems. In long run CBC projects are meant to accelerate the economic convergence of applicant countries within the European Union in a balanced manner that prevents the emergence of peripheral economic zones, and to prepare candidate countries for future participation in the INTERREG community initiative, currently the third objective of the EU Cohesion Policy, “European Territorial Cooperation”.

The assistance provided under ***Multi-Country & Horizontal Programmes*** has been gradually more integrated into the national programmes. Therefore, “multi-country

<sup>35</sup> See the website of the DG Enlargement: <http://www.europa.eu.int/comm/enlargement/pas/phare/programmes/index.htm>



programmes are now used only in cases where their adequacy is specifically demonstrated or where they can be considered as the most efficient and effective delivery instrument in view of economies of scale or the need to promote regional co-operation”<sup>36</sup>. These programmes were developed in co-operation with International Institutions (European Bank for Reconstruction and Development (EBRD) and the World Bank, the Nordic Environment Finance Corporation (NEFCO), the Nordic Investment Bank (NIB), the International Financial Corporation (IFC) the Council of Europe Development Bank (CEB), and the European Investment Bank (EIB) and support small and medium size enterprises and municipal infrastructure; fight against fraud, nuclear safety and the introduction of the Extended Decentralised Implementation System (EDIS).

Romania also took part prior accession in several Community programmes, beginning with 1<sup>st</sup> of August 1996, e.g. to Leonardo da Vinci, Socrates and Youth for Europe.

### ***ISPA***

The main goal of the *Instrument for Structural Policies for Pre-Accession* was to support the accession countries to comply with the European legislation in force for *environment* (drinking water, treatment of waste water, solid-waste management, air pollution) and *transport*. The adopted approach is similar to that of the Cohesion Fund; minimum grants of 5 million are allocated for projects in transportation and environment.

Project proposals, submitted through the National ISPA Co-ordinator in the candidate country, are evaluated by the European Commission, which takes decisions regarding the projects to be financed upon the opinion of the ISPA Management Committee.

### ***SAPARD***

The SAPARD programme was designed with the aim of supporting the efforts made by the candidate countries to prepare for their participation in the Common Agricultural Policy and the Single Market. Its operational objectives were to help solve the priority and specific problems in agriculture and rural development and to contribute to the implementation of the *acquis communautaire* concerning the CAP and other agricultural priorities.

<sup>36</sup> Idem

Among the 15 eligible measures under SAPARD criteria the most important are: investment in processing and marketing (26% of the budget), investment in agricultural holdings (20%), investment in the rural infrastructure (20%), diversification of activities (11%), improving controls of quality, veterinary and plant health, for producer groups, and land registers.

The SAPARD Agencies, either located in the National Ministry of Agriculture, or established as separate entities under the aegis of the Minister of Agriculture were responsible for project selection, management, arranging finance and carrying out controls.

### **3 The EU Regional/Cohesion Policy**

Initially seen as a side payment system for poorer EU member countries and aimed at lubricating additional economic integration, the EU Cohesion Policy has turned in the last decade into one of the corner-stone policies of the European Union.

Between 1958 and 1975 a common regional policy was not one of the objectives of the European Community, even if, especially at the end of the 60's, several appeals for such a policy were made to the EC institutions, e.g. the Werner Report. In the Treaty of Rome the principle of cohesion was mentioned only in the preamble. Nevertheless, in this time frame two funds, the European Social Fund (ESF) and the European Agricultural Guidance and Guarantee Fund (EAGGF), the latter serving mainly the Common Agricultural Policy of the EC, were set up.

In 1975 the European Regional Development Fund (ERDF) was established. This development was determined by the first enlargement EU underwent in 1973 when, finally surmounting the French opposition, UK, together with Ireland and Denmark, joined the EC. Until 1988, the Commission acted as a mere administrator of the ERDF, and the funds were distributed according to a quota system; the European Council, consequently the Member States, had decision-making rights as regards these financial allocation.

Between 1988 and 1999 the Structural Funds and the Regional Policy were subjects of a series of reforms, the most paramount being introduced in 1988. For one more time enlargement had a heavy word to say in the bargaining process preceding this historical moment. In 1981 Greece and in 1985 Spain and Portugal became EC members. As the UK and Ireland in the previous decade, several regions in these three lands were less developed than the European average and a strong coalition was possible, coalition which convinced wealthier countries (i.e. Germany, till 1993 paymaster) to accord financial compensations

meant to balance the negative effects the common market completion had on their economies.

Signed in 1986, the Single European Act succeeded in balancing the interests of all member states, the widening vs. deepening camps, by adding to the Treaty of Rome a new title on regional policy. The 1988 reform brought the ERDF, ESF, EAGGF together under the common framework known as the Structural Funds, doubled their budget and introduced a series of objectives and principle for granting funds to regions. From institutional point of view the Commission registered a remarkable increase in power. From a mere administrator of the ERDF it emerged as a pivotal actor in the process of drafting regulations and it had exclusive right of proposing the relevant legislation and the list with regions eligible for funding. The sub-national actors' (SNAs) role in the policy making process is enhanced by the introduction of the "partnership principle".

In 1993 the policy was not radically reformed, but a shift of power back to the member states took place; nevertheless, even if the national governments were drafting the list with eligible regions, the Commission remained arbiter of the process. The Maastricht Treaty, which entered into force in 1993, had a particular significance for furthering the position of the Regional Policy among other European policies, as the Cohesion Fund and the Committee of Regions<sup>37</sup> were established. The Financial Instrument for Fisheries Guidance (FIFG) was also set up in this period.

In 1999, the Berlin European Council approved the Agenda 2000 proposed by the European Commission and reformed significantly the Structural Funds regulations and the management and implementation mechanisms as an answer to the challenges the largest enlargement round in the history of the EU would raise (see also Peterson&Bomberg 1999:153). Following the same lines as the SEA and the ToEU, Agenda 2000 reassessed the importance of economic and social cohesion. The common principles, i.e.

<sup>37</sup> Set up by the Maastricht Treaty, the CoR met for the first time in March 1994. Initially the CoR was obligatorily consulted in five areas, i.e. economic and social cohesion; trans-European networks in the field of transport, energy and telecommunications; public health; education and youth; culture. The Treaty of Amsterdam added a further five: employment, social policy, environment, vocational training and transport. The Committee is composed of 222 members and 222 alternate members, appointed for 4 years by the Council, after having been nominated by member states. The members are organised in four political groups: the Party of European Socialists, the European People's Party, the European Liberal Democrats and Reform Party the European Alliance. A President and First-Vice President are elected for a two year term by the members of the Committee. The Bureau is responsible for implementing the CoR's political programme. It is elected for 2 years from the Committee members. It consists of 40 members including the President and First Vice President. These three institutions are the most powerful in the framework of the CoR. Nevertheless, there are also 6 CoR Commissions, made up of CoR members, specialising in particular policy areas as noted below: Commission for Territorial Cohesion Policy, Commission for Economic and Social Policy, Commission for Sustainable Development, Commission for Culture and Education, Commission for Constitutional Affairs and European Governance, Commission for External Relations

*concentration*<sup>38</sup>, *programming*<sup>39</sup>, *partnership*<sup>40</sup>, *additionality*<sup>41</sup>, *simplification*, and the objectives of the Regional Policy were restated and adapted to the new situation. Agenda 2000 also proposed a greater role to be played by the Member States in the day to day administration and monitoring of the funds. The ceiling of 0.46% of the EU GDP as structural expenditures was maintained, while the conflict between net-beneficiary countries which would have lost their structural funds not because their GDP is higher but because poorer regions are entering EU (the so called statistical effect) was resolved by according them transitional support until 2005 and beyond.

Before 1999 the EU regional policy had 6 *objectives*<sup>42</sup>; for the sake of simplification in the 2000-2006 programming period these were reduced to 3 in order for the structural expenditures to be concentrated in the most needed areas and social groups.

Under the first objective (Objective 1 - territorial) structural financial assistance was accorded to NUTS 2<sup>43</sup> regions whose development is *lagging behind*, whose per capita GDP is lower than 75% of the EU GDP average, in order to catch up with the better performing European regions; under this objective infrastructure projects and investments

<sup>38</sup> The Funds would be concentrated in the most disadvantaged regions (lagging ones, declining industrial area, high unemployment, need of workers adaptation and rural development)

<sup>39</sup> Abandonment of short-term project-by-project programmes and its replacement by specific multi-annual programmes of three or five years.

<sup>40</sup> Involvement in the preparation, financing, monitoring and assessment of programmes by different levels of government: the Commission, member states and the relevant authority at local, regional or national level, including private and social partners and other relevant organisations.

<sup>41</sup> Structural Funds should be additional to, and not simply a substitute for, existing or planned domestic investments.

<sup>42</sup> 1. Assisting underdeveloped regions (ERDF, ESF, EAGGF and FIFG); 2. Assisting regions affected by the decline of traditional industries (ERDF and ESF); 3. Combating long-term unemployment and the integration of young people into the labour market (ESF); 4. Helping workers adapt to technological change (ESF); 5. (a) Structural reform of agriculture, including fisheries (EAGGF); (b) Helping the development of rural areas (ERDF, ESF, EAGGF and FIFG); 6. Assisting rural Arctic regions and areas of very low population density (ERDF, ESF, EAGGF and FIFG).

<sup>43</sup> NUTS is a hierarchical classification on 5 levels (3 are regional and 2 are local) of the administrative structures already in place in Member States. It was set up by the European Office for Statistics (Eurostat) in order to place the diverse administrative systems of the member states in a single and coherent structure of territorial distribution in the EU. NUTS has no legal value per se, its form is the consequence of a "gentlemen's agreement" between the Member States and not of an administrative reforming or harmonising process initiated at the European level. Nevertheless, it has been used in the Community legislation pertaining to the Structural Funds since 1988. In 2003 the NUTS was reformed in order to manage the inevitable changing process the administrative systems of the present and future Member States have suffered in the last years. A new Regulation<sup>43</sup> establishes the new form in which the NUTS is presented, i.e. in lists and maps. There are 78 NUTS 1 regions, with a population between 3 and 7 million people. The German Länder, regions in Belgium, Denmark, Sweden, Ireland, Wales and Scotland, comunidades autonomas in Spain, régions in France, regioni in Italy are classified in this category. The NUTS 2 level counts 210 regions with a population between 800.000 and 3 million people. Among them the Kreise in Germany, départements in France, provincias in Spain, provincie in Italy, etc. can be found. The NUTS 3 regions are more numerous (1093) with a population between 15000-800.000. NUTS 4 is defined only for certain countries: Finland, Greece, Ireland, Luxembourg, Portugal, UK. Together with the NUTS 5 regions, actually districts and municipalities, they are called "Local Administrative Units" (LAU) and are not subject of the NUTS 2003 Regulation.

in business economic activity were financed; 50 regions, representing 22% of the Union's population benefited from 70% of the funding available under Objective 1.

The Objective 2 (territorial) supported *economic and social conversion* in industrial, rural, urban or fisheries-dependent areas facing structural difficulties. It covered 18% of the Union's population and it amounted to 11.5% of total funding.

The third Objective (Objective 3) was not a territorial but a thematic one. It aimed to half modernising the systems of *training and promoting employment*. Measures financed by Objective 3 cover the whole Union except for the Objective 1 regions where measures for training and employment were included in the catching-up programmes. 12.3% of total funding was dedicated to this third objective.

During the 2000-2006 programming period, the EU Regional Policy was implemented through four Structural Funds, i.e. the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Financial Instrument for Fisheries Guidance (FIFG), the "Guidance" Section of the European Agricultural Guidance and Guarantee Fund (EAGGF - Guidance) and the Cohesion Fund.

The **ERDF** is the most important structural fund; it aims to restore regional imbalances in the Community and to promote stable and sustainable development. Its main fields of intervention are productive investment to create/safeguard permanent jobs, infrastructure, enhancing endogenous potential: local development & SMSEs, technical assistance. The **ESF** mainly aims to develop human resources and eliminate unemployment and social exclusion. It supports the multi-annual National Action Plans in this field through active labour market policies promoting integration and re-integration, equal opportunities on the labour market, helping lifelong learning systems and training for innovation and adaptability to be design and successfully implemented. The **Guidance** section of the EAGGF supported the CAP and the improvement of agricultural structures. Its fields of intervention were mainly “accompanying” measures to the CAP, i.e. promoting early retirement, agri-environment, forestry, restructuring farms, setting up of young farmers, training, processing and marketing and other rural development measures. The **Cohesion Fund** was set up to enable some Member States to join the final phase of the EMU as quickly as possible. Eligible for the Cohesion Fund were the Member States of the EU with a per capita GDP of less than 90% of the Community average: Greece, Ireland, Portugal, Spain. The CF was not created for regions per se, but in order to support the development of an entire country. It finances projects in environment and infrastructure (trans-European networks). The 2000-2006 cohesion budget amounted to 18 billion EURO, Spain being the main beneficiary.

Four separate Community Initiatives, *the Interreg III, Urban II, Leader+, Equal*, were also implemented in the 2000-6 programming period, financed through the ERDF and the ESF. For these innovative instruments, the Commission and the eligible regions/actors were the main decision factors. This gave the Commission the possibility to “import” its objectives and implementing mechanisms in the member states and empower financially the regions. The state could be bypassed to a large extent by both actors. The less complicated granting, implementing and monitoring mechanism used could generate lessons to be applied in the management of the structural funds in a future programming period.

#### **4 Implementation of the EU Cohesion Policy 2007-2013 in Romania**

The preparatory work for the 2007-2013 programming period started early in Romania, in the framework of the discussions with the European Commission on the negotiation Chapter 21 „Regional policy and the coordination of structural instruments”. As these technical discussions were based on the European legislation in place at that date, i.e. Council Regulation no. 1260/1999, and the subsequent funds-specific regulations, a (national) development plan needed to be drafted, to include the analysis of the socio-economic development of Romania in the light of the objectives of the Cohesion Policy and the strategy, the planned priority actions, their specific objectives and the related indicative financial resources. (Council Regulation 1260/1999, Art. 9)

In December 2005 the National Development Plan was finalised, after almost two years of intensive consultations with its public and private stakeholders. As explained also in the plan as such, the NDP was developed specifically for the implementation of the EU Cohesion Policy and, despite its title, it was not meant to replace the overall, national strategy for economic development, embodied by the National Economic Development Strategy; its purpose was to plan how the European funds, including agricultural, are to be deployed in Romania between 2007-13 (/15).

Drafting the NDP 2007-13 traces back to pre-accession assistance, as NDPs were drafted also for the periods 2002-2005, 2004-2006, and by the same institution, i.e. National Aid Coordinator, which, beginning with 2004, coordinated the Managing Authority for the Community Support Framework, currently the Authority for the Coordination of Structural Instruments within the Ministry of Economy and Finance (see Annex 1). The continuity of this activity and its location in the same department

contributed to the building up of expertise in this field, therefore the learning effect from pre-accession towards post-accession phase was very strong in this respect.

As a result of the analysis carried out in the National Development Plan 2007-2013, the Romanian government decided on six national development priorities:

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| <ol style="list-style-type: none"><li><b><i>1. Increasing economic competitiveness and developing an economy based on knowledge;</i></b></li><li><b><i>2. Developing and modernizing transport infrastructure;</i></b></li><li><b><i>3. Protecting and improving the quality of the environment;</i></b></li><li><b><i>4. Developing human resources, promoting employment and social inclusion and strengthening administrative capacity;</i></b></li><li><b><i>5. Developing rural economy and increasing productivity in the farming sector;</i></b></li><li><b><i>6. Diminishing development disparities between country regions</i></b></li></ol> |
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On the basis of the National Development Plan and of the Community Strategic Guidelines, the National Strategic Reference Framework 2007-2013 was elaborated; its main “raison d’être” is to strengthen the strategic focus of the Economic and Social Cohesion policies across Romania and to make the correct and appropriate linkages to other European Union policies and the Lisbon Strategy, the latest focuses on policies for growth and the creation of jobs (NSRF, page 9, in accordance with Council Regulation 1083/2006, art. 27).

The overall objective of the NSRF is to reduce the economic and social development disparities between Romania and the EU Member States, by generating a 15-20% additional growth of the GDP by 2015. In order to attain this goal, the NSRF sets 5 development priorities, reflecting strongly the conclusions of the NDP.

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| <ol style="list-style-type: none"><li><b><i>1. Development of Basic Infrastructure to European Standards</i></b></li><li><b><i>2. Increasing Long-term Competitiveness of the Romanian Economy</i></b></li><li><b><i>3. Development and More Efficient Use of Romania’s Human Capital</i></b></li><li><b><i>4. Building an Effective Administrative Capacity</i></b></li><li><b><i>5. Promoting Balanced Territorial Development</i></b></li></ol> |
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Following the separation at European level between Cohesion and Agricultural Policy, the NSRF does not cover the issues of agriculture and rural development, the fifth priority of the NDP being implemented through the National Plan for Rural Development, managed by the Ministry of Agriculture and Rural Development. Nevertheless, the NSRF does cover Objective 3 funding, although, due to the specific characteristics of the relevant operational programmes, their preparation took, at a certain point, a separate route, along

which the dedicated general direction within the Ministry of European Integration/Ministry of Development, Public Works and Housing, collaborated more closely with the neighbouring and partner countries, under the coordination of the European Commission.

In drafting the NSRF the Community Strategic Guidelines were closely observed<sup>44</sup>. The NSRF 2007-2013 is also synchronized with the National Reform Programme 2007-2010, elaborated by the Department of European Affairs, under the direct coordination of the Prime-Minister Cabinet. At the same time, it is worth mentioning that, although new member states do not need to earmark the funds deployed in order to attain the Lisbon goals out of the total allocation, more than 50% of the funds are dedicated by the Romanian government to Lisbon-related expenditures (NSRF, 2007, page 155).

The National Strategic Reference Framework is implemented through 7 Operational Programmes under the Convergence Objective<sup>45</sup> and 11 OPs under the European Cooperation Objective. An overview of these operational programmes, their managing authorities and intermediate bodies, and the European fund they are financed from is made in the following table.

**Table 2. 2007-2013 Operational Programmes, MAs, IBs and sources**

<b>Operational Programme</b>	<b>Managing Authority</b>	<b>Intermediate Body</b>	<b>Fund</b>
<b>Convergence Objective</b>			
<b>SOP Increase of Economic Competitiveness</b>	<b>Ministry of Economy and Finance</b>	Ministry for Small and Medium Sized Enterprises, Trade, Tourism and Liberal Professions Ministry of Education, Research and Youth (National Authority for Scientific Research) Ministry of Communication and Information Technology Ministry of Economy and Finance (Energy Policy General Directorate)	ERDF
<b>SOP Transport</b>	<b>Ministry of Transport</b>	-	ERDF + CF
<b>SOP Environment</b>	<b>Ministry of Environment and Sustainable Development</b>	8 regional IBs coordinated by MESD	ERDF + CF
<b>Regional OP</b>	<b>Ministry of Development, Public Works and Housing</b>	Regional Development Agencies	ERDF
<b>SOP Human Resources Development</b>	<b>Ministry of Labour, Family and Equal Opportunities</b>	National Agency for Employment 8 regional IBs coordinated by the MoLFEO Ministry of Education, Research and Youth National Center for Development of TVET	ESF

<sup>44</sup> The annex 1 of the NSRF draws clear connections between the NSRF priorities and the community guidelines.

<sup>45</sup> As all 8 Romanian development regions are Convergence regions.



<b>Operational Programme</b>	<b>Managing Authority</b>	<b>Intermediate Body</b>	<b>Fund</b>
<b>OP Administrative Capacity Development</b>	<b>Ministry of Interior and Administrative Reform</b>	-	ESF
<b>OP Technical Assistance</b>	<b>Ministry of Economy and Finance</b>	-	ERDF
<b>European Territorial Cooperation Objective</b>			
<b>OP Cross-border Cooperation (CBC) Hungary–Romania</b>	<b>National Development Agency (Hungary)</b>	Ministry of Development, Public Works and Housing in Romania Will act as National Authority	ERDF
<b>OP CBC Romania–Bulgaria</b>	<b>Ministry of Development, Public Works and Housing</b>	-	ERDF
<b>OP CBC Romania – Serbia</b>	<b>Ministry of Development, Public Works and Housing</b>	-	ERDF (transfers to IPA)
<b>OP CBC Romania – Ukraine – Moldova</b>	<b>Ministry of Development, Public Works and Housing</b>	-	ERDF (transfers to ENPI)
<b>OP CBC Hungary - Slovakia – Romania – Ukraine</b>	<b>National Development Agency (Hungary)</b>	Ministry of Development, Public Works and Housing in Romania will act as National Authority	ERDF (transfers to ENPI)
<b>OP CBC Black Sea Basin</b>	<b>Ministry of Development, Public Works and Housing</b>	-	ERDF (transfers to ENPI)
<b>OP South-East European Space</b>	<b>Ministry of Local Government and Spatial Development (Hungary)</b>	Ministry of Development, Public Works and Housing in Romania will act as National Authority and National Contact Point	ERDF
<b>OPs Inter-regional Cooperation</b> <b>INTERREGIVC</b> <b>URBACT II</b> <b>ESPON 2013</b> <b>INTERRACT II</b>	<b>France</b> <b>France</b> <b>Luxembourg</b> <b>Austria</b>	Ministry of Development, Public Works and Housing in Romania will act as National Authority and National Contact Point -	ERDF

Source: NSRF 2007-2013, 2007, pages 6-7

The coordination of the NSRF implementation is undertaken in a series of committees, at political and technical level (see also the National Strategic Reference Framework, pages 161-2). These committees are analysed in detail in the chapter V.

1. **National Coordination Committee for Structural Instruments**, established in order to provide strategic guidance and decision-making at political level;
2. **Management Co-ordination Committee**, which will address management, administrative and horizontal issues with relevance to the OPs;
3. **Regional coordination committees**, established in the 8 Regions, in order to assist in the correlation of interventions amongst the Operational Programmes;

#### 4. Working Groups.

### 5 Legislative framework for regional development policy in Romania, Law no. 315/2004

The first Romanian Law on Regional Development no. 251/1998 was drafted on the basis of the Green Paper on Regionalisation in Romania, which was released in 1997. In the following years, in the light of the implementation of the Phare Economic and Social Cohesion Component, and in the context of the negotiations between Romania and the European Commission on the Chapter 21 “Regional policy and the coordination of structural instruments”, some adjustments needed to be made to this initial legislative framework.

The main changes operated to the new Law on Regional Development 315/2004 were meant to clarify the issue of development regions in Romania (the NUTS 2 regions needed to be recognised by law) the issue of financing the RDAs<sup>46</sup>, and the competencies of the institutions involved in the management of Regional Development Plans, as a result of the experience already accumulated and with a view to 2007-13 period.

In this respect, the Law no. 315/2004 specifies clearly which the 8 development regions (NUTS II) are (see Table 2.) and the counties forming them and decides that, when the Regional Development Agencies carry out certain tasks as required by other (national) institutions, e.g. implementation of ROP operations, this happens on the basis of a legal agreement, which stipulates the competencies and responsibilities of the RDAs and the financial means deployed by the latest in exchange of the services the RDAs provide.

**Table 3. RDAs, their capitals and the counties they incorporate**

<b>Development region</b>	<b>Capital</b>	<b>Counties</b>
Development Region North-East	Piatra-Neamt	Bacau, Botosani, Iasi, Neamt, Suceava, Vaslui
Development Region South-East	Braila	Braila, Buzau, Constanta, Galati, Tulcea, Vrancea
Development Region South Muntenia	Calarasi	Arges, Calarasi, Dambovita, Giurgiu, Ialomita, Prahova, Teleorman
Development Region South-West Oltenia	Craiova	Dolj, Gorj, Mahedinti, Olt, Valcea

<sup>46</sup> Initially the activity of the RDAs supposed to be supported financially by the counties and municipalities. Some of these refused to make the respective payments, as they didn't have any direct benefit (financed projects) from the activity of these agencies. This situation ran some of the agencies into financial crisis and incapacity of carrying out their tasks (see the interviews résumés, presented in the annexes 11-20).

Development Region West	Timisoara	Arad, Caras-Severin, Hunedoara, Timis
Development Region North -West Oltenia	Cluj-Napoca	Bihor, Bistrita-Nasaud, Cluj, Maramures, Satu Mare, Salaj
Development Region Centre	Alba Iulia	Alba, Brasov, Covasna, Harghita, Mures, Sibiu
Development Region Bucharest-Ilfov	Bucharest	Country Capital - Bucharest and Ilfov County

The institutions involved in regional policy at regional and national level are almost the same as in 1998, with one exception: mirroring the reality, the National Agency for Regional Development is replaced by the Ministry of European Integration<sup>47</sup>, as national institution responsible with the elaboration, promotion, coordination, management, implementation, and monitoring of the regional development strategies and policies in Romania, and of other social and cohesion programmes (Art. 13)<sup>48</sup>.

The new law details the competencies of the Regional Development Agencies, Regional Development Boards and of the National Board for Regional Development, as presented further. The law also introduced a definition and the principles of regional development policy in Romania, emphasises the principle of partnership, further than subsidiarity and decentralisation.

Regional development policy is defined by the Law on Regional Development no. 315/2004 as representing:

*“...the set of policies elaborated by the Government, through the bodies of central public administration, by the local public administration, and specialised regional bodies, after consulting the involved socio-economic partners, with the aims of assuring economic growth and sustainable and balanced social development of a series of geographical areas constituted in development regions, of improving Romania’s international competitiveness and of reducing economic and social development gaps existing between Romania and the EU member states.”*

The current objectives of the regional development policy in Romania are:

- a) to diminish existing regional imbalances through stimulating balanced development, fast catching up with the delays in the economic and social fields of

<sup>47</sup> From this point of view the law already necessitates further revision, as the MEI become Ministry of Development, Public Works and Housing

<sup>48</sup> The last part of this article (*“of social and cohesion programmes”*) can, and has, create(d) confusion, as it could be interpreted as rendering the MDPWH responsible for (all 7) social and cohesion programmes, functions fulfilled by the Ministry of Economy and Finance through the Authority for Coordination of Structural Instruments (ACIS). Even if this article 13 was drafted before the National Aid Coordinator, subsequently combined with the SIs preparatory function, moved to the Ministry of Finance in 2004, it still needs redrafting, in order to clarify the institution responsible with regional policy in Romania, and the scope of its competencies and responsibilities.

the less developed areas, delays occurred due to certain historical, geographical, economic, social, political factors, and to prevent the occurrence of new imbalances.

- b) to correlate the sectoral governmental policies at regional level through stimulating local and regional initiatives and full use of local and regional resources, with a view to stimulate socio-economic and cultural development.<sup>49</sup>

The structures involved at regional level in regional development are the same as provided for in the Law no. 251/1998, the Regional Development Boards and the Regional Development Agencies.

## 5.1 The Regional Development Boards

Composed of presidents of the county councils, one representative of each category of local administration: municipality, towns and communes councils from *each* county of the region (see Annex 2), mainly coordinate the regional policy development and monitor the activities carried out in this framework. Each county council president takes over for one year the RDB presidency. In accordance with the Law 315/2004, the competencies of the RDBs are:

### **PROGRAMMING**

- to analyse and approve the regional development strategy and programmes
- to contribute to the elaboration of the National Development Plan

### **IMPLEMENTATION**

- to approve the regional development projects, selected at regional level in accordance with the criteria, priorities and methodology elaborated by the national institution responsible with regional development policy, i.e. MDPWH, together with specialised regional institutions
- to transmit to the National Board of Regional Development the projects this needs to approve at national level
- to approve the criteria, priorities, financial allocation of the Regional Development Fund (to be approved by the National Board as well)
- to propose to the National Board the annual contributions to be allocated to the Regional Development Fund from the county/Bucharest agreed budgets (these contributions, provided for in the annual budgets, are transferred to the Regional Development Fund every three months)
- to attract other financial contributions, local and regional, with a view to attain the objectives of the regional development policy
- to approve the bi-annual activity reports issued by the RDAs

### **INFORMATION AND PUBLICITY**

- to coordinate and supports the development of regional partnerships and the information and communication activities

<sup>49</sup> The interregional, cross-border objective is not treated in this research.

## 5.2 The Regional Development Agencies

In each development region functions a Regional Development Agency, as non-governmental, not-for-profit body, of public utility, with legal personality. The RDAs have the following main competencies:

### **PROGRAMMING**

- drafts and proposes to the RDB the regional development strategy, plan and programmes, and the plans to manage the funds
- fulfils its attributions as regards the drafting of the National Development Plan

### **IMPLEMENTATION**

- assures the implementation of the regional development programmes and of the funds management plans, in accordance with the decisions of the RDB, and national legislation in force
- solicit to the national institution responsible with regional development amounts from the National Regional Development Fund, in order to finance the approved projects
- attracts further resources, together with the RDB, in order to fulfil its attributions
- assures the technical and financial management of the Regional Development Fund
- it is accountable for the managed funds, to the RDB and MDPWH
- sends the selected projects to the RDB, for approval; projects selected at regional level in accordance with the criteria, priorities and methodology elaborated by the national institution responsible with regional development policy, i.e. MDPWH, together with specialised regional institutions
- organises and develops, with the support and under the coordination of the RDB, the regional partnerships
- identifies and promotes, in partnership, projects of local, regional and intra-regional interest, promotes the region, with the support of the RDB, and attracts foreign investments
- assures the secretariat of the RDB
- fulfils the contractual obligations and is responsible for their realisation, in accordance with the performance criteria and indicators established in the mentioned contracts
- drafts bi-annual activity reports, to be approved by RDB and the national institution responsible with regional development policy, i.e. MDPWH,

### **OPERATIONAL MONITORING**

- assures the and it is accountable for the implementation, technical and financial monitoring, and the control of the projects financed with European or national funds in the framework of the regional development programmes
- assures, together with the specialised regional bodies, the data collection and aggregation at regional level, as regards the implementation of the non-reimbursable funds allocated to the region

### **INFORMATION AND PUBLICITY**

- organises at regional level the agreed information and publicity campaigns, as regards the regional development programmes and projects

### **OTHERS**

- signs contracts, conventions, agreements and protocols etc. with third parties, including EU institutions, in its field of activity, and submits them for the RDB approval

The regional development programmes and the operational costs of the RDAs are to be financed from the **Regional Development Fund**, which is fuelled by: 1. the National Fund for Regional Development, 2. county councils/Bucharest council contributions, 3. other sources: private sector, banks, EU, other donors.

### 5.3 The National Board of Regional Development

At national level, **the National Board of Regional Development** coordinates the regional development policy in Romania. The NBRD is composed of the presidents and vice-presidents of the 8 Regional Development Boards and the same number of Government representatives, i.e. ministries involved in the implementation of the regional development policy; the NBRD is presided by the head of the national institution responsible with the regional development policy, i.e. ministry, who can delegate his/her tasks to a state secretary. The main competencies of the NBRD are:

#### **PROGRAMMING**

- endorses the policies and the national strategy for regional development, and the National Development Plan

#### **IMPLEMENTATION**

- approves the criteria and priorities as regards the utilisation of the National Fund for Regional Development
- submits to the Government, for approval, the priority programmes financed from the NFRD,
- proposes the deployment mechanism for the pre-accession funds allocated to Romania in the pre-accession period
- endorses the projects proposed by the RDAs and approved by the RDBs, to be financed through regional development programmes, as regards the projects selected at regional level
- approves the projects proposed by the RDAs and approved by the RDBs, to be financed through regional development programmes, as regards the projects selected at national level

#### **STRATEGIC MONITORING**

- analyses the deployment of the funds allocated to the RDAs from the NFRD, on the basis of the monitoring reports drafted and submitted by the RDBs
- monitors the attainment of the regional development objectives, including in the framework of the external, interregional, trans-regional, cross-border cooperation
- analyses and approves the activity reports presented by the National Coordination Committee for Phare Programmes, ESC Component, and the proposals made by this committee.

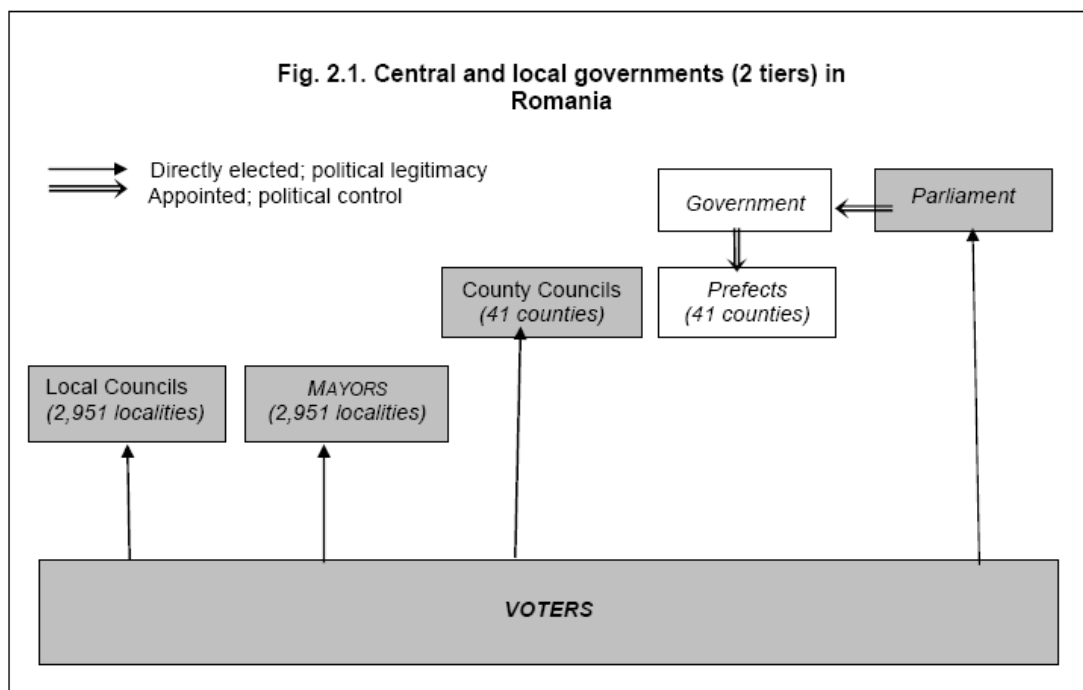
The **National Fund for Regional Development** finances multi-annual regional development programmes; this fund gathers national funds, as specially allocated in the national budget for the regional development programmes financed only from the state budget (sic!), and non-reimbursable financial support as received from other governments, international organisations, banks.

## 6 Public administration organisation in Romania

As the following chapter of the thesis will analyse in detail the evolution of the administrative system in Romania, this part limits itself to making a sketch of its current structure, as set up by the 2003 Constitution and regulated by the organic laws in force.

At central level, the Romanian public administration is organised under the coordination of the government, in Ministries, whose number can and has varied greatly after 1989. The ministries can be supported in their activity by specialised agencies.

The local administration in Romania is organized on two tiers: localities and counties. Formally, there is no hierarchical administrative subordination between localities, counties and the central government, each constituting a component of the public sector with full political legitimacy.



Source: Sorin Ionita, 2003, 4<sup>50</sup>

<sup>50</sup> [http://www.sar.org.ro/files\\_h/docs/publications\\_wpc/sar\\_wp25.pdf](http://www.sar.org.ro/files_h/docs/publications_wpc/sar_wp25.pdf)

At the level of localities (urban and rural), and at county level, a local council and a mayor, respectively, a county council are elected each 4 years. The president and the two vice-presidents of the county council are elected by and among its members.

The prefect is the representative of the government in each county and in Bucharest. He/she manages the deconcentrated services of the central administration in the respective administrative-territorial unit. As in detail presented in the chapter III, if until 2006 the prefect was a political figure, from that date on this position needs to be fulfilled by a high civil servant, not politically affiliated.

According to the mentioned legal sources, the principles set at the basis of the organisation and functioning of the Romanian public administration are: decentralisation, local autonomy and public services deconcentration.



CHAPTER III  
**THE ROMANIAN PUBLIC ADMINISTRATION: HISTORY,  
ORGANISATION, MODUS OPERANDI, DECENTRALISATION  
PROCESS**

**1 Introduction**

The rationale of this chapter is three-fold: firstly, in accordance with the MLG theory, informal realities in a country could significantly alter the formal image of a governance system<sup>51</sup>; this assertion matches very well to the situation in Romania, where “informal realities dominate by far the formal ones” (Mungiu-Pippidi, 2002b, 27).

Secondly, the administrative capacity of central and local public institutions represent one of the strongest determinants of the timely, efficient and effective absorption of European funds, from both supply and demand sides: as funds suppliers, the (mostly central and regional) institutions in charge with the management and implementation of both Phare and SIs need to have the adequate capacity to carry out their tasks and to achieve the proposed output, results and impact of the programmes under their responsibility. On the demand side, as funds beneficiaries, the public institutions, at all layers, need to be able to access the funds made available for them, and implement their projects in conformity with the applicable rules and regulations in force. For both sides co-financing capacity is important, especially in the context of SIs, where the additionality principle is very closely observed.

Thirdly, the evolution, directions and effects of the public administration reform, in both its considered dimensions, i.e. “horizontal” and “vertical”, give real indications as regards the possible evolution of the regionalisation process in Romania. The limited progress registered in reforming the public administration and the status-quo in this field, in both organisational and mental-framework terms, will push for a delay of the regionalisation process, especially now, that the European influence in this direction disappeared.

This chapter presents the factors hampering the public administration reform in Romania; subsequently, it explains, on one side, why the European Union as such chose to implement centrally the pre-accession aid (as it repeatedly emphasised in the 1991

<sup>51</sup> As William Riker has stressed, a narrow focus on formal institutions is likely to underestimate *informal* relationships. If decision makers at different levels of a polity are coordinated in a centralized political party, the polity may be far more centralized than it formally appears (quoted by Marks&Hooghe 2001a, 3).

Framework Agreement<sup>52</sup> signed between the, by than, European Economic Community and Romania) and continues this approach for Structural Instruments. On the other side, as mentioned before, the state of affairs as regards public administration in Romania and its horizontal and vertical reform gives an indication about the “speed” regionalisation will be continued in this country in short and medium terms (5-10 years).

Theoretically, to a political power freely elected in a certain territorial unit corresponds an autonomous and stabile administrative sector responsive to the orders of the respective political power (Ghinea 2002, 158). Due to a long tradition of administration politicisation, whose summit was represented by the communist regime, separating politics from administration in Romania has been difficult after the regime change.

The Romanian public life is still dominated by informal institutions; two factors are determinant for this situation: 1. *historic underdevelopment* (in less developed societies the unwritten laws are more important than the written ones, most of the time imported and unfitted with the local traditions) and 2. *communism*, which developed so aberrant and unviable formal institutions, that eluding and substituting them with informal ones became a surviving strategy, e.g. the black market (Mungiu-Pippidi, 2002b, 27). The totalitarian regime in Romania subordinated and prescribed its political, socio-economic and cultural development; the opposition against communism was feeble, insufficient for the building up of a generation of future leaders who could appropriately manage the post-communist period. Unfortunately, the post-communist regime hasn't succeeded in excluding from its political-administrative and socio-economic life important actors which played an active role during the communist regime (Ionita, 2002, 123). Together with these actors, a mental framework and certain patterns of action survived within the political-administrative system and among the citizens. Even if significant changes have been operated at formal level, i.e. new legislation and reform strategies were adopted and institutions for their implementation were created, these have limited impact, as we see from the last relevant official documents, i.e. the OP Development of Administrative Capacity, the 2007 Monitoring Report on Romania (and Bulgaria) issued by the European Commission, the 2008 Interim Report from the Commission to the European Parliament and the Council on Progress in Romania under the Cooperation and Verification Mechanism (February 2008), the 2008 Report from the Commission to the European Parliament and the Council on Progress in Romania under the Cooperation and Verification Mechanism (August 2008),

<sup>52</sup>[http://www.europa.eu.int/comm/enlargement/fiche\\_projet/document/2002-000-586.01%20to%20586.06.pdf](http://www.europa.eu.int/comm/enlargement/fiche_projet/document/2002-000-586.01%20to%20586.06.pdf) (pages 4-14)

the 2007 Transparency International Romania National Corruption Report and the 2008 SAR Annual Analysis and Forecast Report. As in many incompletely modernised countries, Romania stays to a great part in the informal zone. The new formal laws have failed in many fields to accommodate the reality on the ground; therefore, they turned into another set of impractical rules the population resists the same way it did during the communist times, through reinforcing certain informal institutions, e.g. petty corruption in the public health system.

The first part of this chapter makes an excursion into the history of Romanian public administration as its evolution in time determines its current construction and “modus operandi”. The permanent presence of the “judet” as territorial-administrative unit resulted in its solid anchoring in the people’s mental framework and identity, significant factor which needs to be taken into account when, and if, a more radical re-organisation of the territorial-administration system is planned. Further than simple presence, the “judete” make a clear case of “territorialisation” of power: a new, regional, **governmental** tier needs to fight the “judet” level, as the later will not accept easily to give up some of its competences in favour of a regional tier. The regionalisation type currently practiced in Romania already gives some indications that this is the general tendency; when they were set up, the RDAs encountered significant difficulties in trying to legitimise their activities, perceived as competition by the counties.

In the third and fourth sub-chapters the “modus operandi” of the post-communist public administration in Romania, the efforts made by the Romanian Government (at the pressure of the EU and other international donors) to reform the public administration and their results will be analysed.

The fifth sub-chapter will shortly address the issue of corruption, as a symptom of the defective functioning of the public administration and another informal “institution” altering the administrative act.

The sixth sub-chapter will concentrate on administrative and financial decentralisation, respectively on the elements of the fiscal redistribution which instead of supporting the administrative decentralisation and implementation of the local autonomy principle, rather re-enforce the relationship of informal subordination which exists between the central-county-local levels, relation of subordination otherwise contradicting the legislative, formal regulations which provides for autonomy of each administrative level.

## **2 Local and regional public administration in Romania before 1990**

The dominant features of the current Romanian territorial-administrative system are determined by its historical evolution, marked by decisions taken in crucial moments in the development of the Romanian national state. The most striking characteristic of the decision-making process in this respect is the significant discrepancy between fundamental laws adopted in Romania and the reality on the ground in this country. More advanced political systems, i.e. especially the Belgian one, served as source of inspiration for the first Romanian Constitutions, adopted before the Second World War. After the Second WW the new fundamental laws turning Romania in a “popular/socialist republic” were obviously copying the soviet model. On the other side, changes in Romania have been operated by elite or a small, less representative, leading group, while the bulk of the population remained in obscurity. Politicians, including in the communist times, have been captivated by other, macro-level, more or less legitimate, goals and haven’t invested the necessary time and financial resources in addressing this problem; partially, their lack of action was deliberate, as the situation on the ground corresponded to their ascension and ruling ambitions.

As previously mentioned, the permanent presence of “judet” as territorial-administrative unit assures its very strong position in the current political-administrative system. Adding a new layer to this system will for sure clash with the interests of the “judet” and noteworthy efforts will be necessary to surmount their opposition to a redistribution of powers against their interests. In terms of layers we also notice the almost permanent presence in the past of a fourth tier, the “plasa/ocol”, i.e. “circle”, or the “tinut”, or the “raion”, tier which enjoyed more or less significant competencies, depending on the period. Theoretically, if reintroduced in Romania as a group of several communes, around a town or a bigger commune, the “plasa/ocol” might provide a solution to the problem rural communities face as a consequence of decentralisation, both in terms of financial power and specialised technical capacity. It might also increase the economic weight of the respective territory vs. county and the sums saved as a consequence of less administrative costs could be invested in local development projects. Politically these “circles” would be less dependant of the county council or the political party(ies) in power, not serving as their unconditional followers and supporters.

Despite being guaranteed in fundamental or organic laws, the principle of local autonomy has been less applied in reality. The central institutions’ interference in the local authorities’ affairs has been tacitly accepted. The situation is slightly different in

Transylvania, to a certain extent also in Bucovina, where local autonomy of certain ethnic groups was very strong along the centuries and this situation perpetuated in the local mental framework. As we see further, the differences between the Old Kingdom and Transylvania, despite being levelled (down) by the communist regime, still persist to a certain extent. The fact that these discrepancies don't manifest themselves more strongly these days is not necessarily due to original fewer differentiations, but rather to the intrusiveness of the communist regime.

## 2.1 Medieval Times: Moldova and Muntenia: Centralised Monarchies<sup>53</sup>

During medieval times in both Moldova and Muntenia the “*domnitor*”, i.e. the “ruler”, “voivode”, concentrated the legislative, executive and judiciary powers. He was carrying out his duties at central level assisted by a series of “dregatori”, the predecessors of the present days ministries. Members of the domestic nobility used to occupy these high positions. At local level the “*judete*” (counties), in Muntenia, and the “*tinuturi*”, in Moldova, were organised. In the later case, between “tinuturi” and towns/villages, “*ocolul*”, i.e. the “circle”, functioned. The administration of these territorial administrative units enjoyed several “soft” competencies, regarding trade, security and taxes, and they were highly dependant on the central administration. Some greater and more important, from a military point of view, cities and forts had more prerogatives, taking part in the sessions of the “Parliament”, i.e. “*Sfatul Domnesc*”, which was gathering the high nobility of the country advising the Voivode on laws and other issues.

The villages in the Medieval Eve continued the traditions from previous times, as a part of them were free villages. Nevertheless, next to their gradual decrease in number and despite having their own administrative bodies, they were still highly dependent on the central administration. The rest of the villages were owned by nobility (Closca, Asandului, 2000, 58-70).

The public administration in **Transylvania** evolved differently, as this Romanian province was successively an autonomous province under Hungarian domination (until 1541), under Ottoman domination (until 1700) and part of the Hungarian and Austro-Hungarian Empire for 200 more years (until 1918). Some traditional forms of Romanian territorial-administrative organisation were initially preserved, but the specific feature of this province is *the local autonomy of the 3 privileged ethnic groups, and their territories*,

<sup>53</sup> Matichescu, 2000, 81

*living together in Transylvania*, i.e. Magyars<sup>54</sup>, Szeklers<sup>55</sup>, and Saxons<sup>56</sup>, groups which were limiting the power of the Province Voivode (Closca&Asandului 2000, 74, 86). Until 1541, next to the Romanian districts, medieval Transylvania was also organised in Hungarian *Counties* (“*comitat*”) and Szeklers and Saxons *Chairs* (“*scaun*”). Cities in Transylvania enjoyed in this period some autonomy, too.

Between 1541 and 1683, as autonomous province under the Ottoman suzerainty, Transylvania witnessed a centralising movement, the prince of the province enjoying more competencies, legislative, executive and judicial, while the administrative-territorial units remain more or less the same.

Under the Habsburg domination, the province as such enjoys enhanced autonomy in different policy matters; nevertheless, Vienna was, at the same time, trying thorough systematic linguistic and political measures, i.e. the Governor of the province was nominated by the Habsburg emperor, to integrate it into the empire. Iosif II, in an attempt to weaken the power of the local, autonomous counties, considered reactionary centres against the Emperor rule (Matichescu, 2000, 84, 111), divides the province in counties, with fewer attributions than in the past. A prefect nominated by the provincial government was the chief of the administration at this level and as a result the autonomy of the three privileged classes suffered a backlash. (Closca, Asandului, 2000, 71-87, 134). This reform failed once the Emperor passed away, as the Magyars, Szeklers, and Saxons refused to accept the situation and tried, successfully, to regain their rights and privileges.

## 2.2 Modern Times

The present administrative organisation in Romania finds its roots in the early XIXth century, when the first constitutions or constitutional laws were drafted.

In **1859** the two Romanian Principalities, Moldavia and Walachia (Tara Romaneasca) united into one single country, ruled by one ruler, Al. I. Cuza. During his time, in **1864**, the first Law of Administrative Organisation was adopted and implemented. Nevertheless, the need for administrative reform had been previously acknowledged, and the Organic Rules (1831), the first constitutional laws in the Romanian provinces, actually initiated the re-organisation process of the Romanian territory in both countries, on the base of the already existing, traditional territorial division; between the Organic Rules and

<sup>54</sup> a native or inhabitant of Hungary

<sup>55</sup> Or “sasi”, (a member of a Germans people which conquered England and merged with the Angles and Jutes to become Anglo-saxons, dominant in England

<sup>56</sup> Romanians, despite being the majority of the population, were excluded, through the pact Unio Trium Nationum (1437), from the public life in the province.

the 1864 Law of Administrative Organisation both countries were divided into counties (“judet”), the cities (“oras”) and communes (“comuna”, i.e. rural municipality).

Even if the two Provinces were different political entities and some denominations differed, this prior-1864 process evolved in parallel and its results were very similar. This offered a uniform base for the major administrative reform implemented by Al. I. Cuza beginning with 1864. The territory was divided into rural (for the first time with legal personality) and urban *communes, judete*, and “*plasi/ocoale*” (circles), an intermediary level between the first two. The *plasa* was grouping several rural and urban communes and it was drawn according to geographic and economic criteria, respecting previous territorial divisions. The decision-making power in this administrative-territorial structure continued to be located at central level, although the sub-national layers had the right to choose their mayors and councils (Closca&Asandului, 2000, 154). The urban or rural communes had a series of obligations, i.e. supporting the expenses related to the city-hall and church, orphan and handicapped children, fire brigade, probable supported by the necessary fiscal rights, but their decisions could have anytime been changed by the county prefect, the Ministry of Internal Affairs and the Voivode. The mayor, even elected by the local community, was also the representative of the government at the local level; the Voivode confirmed the city mayors in their place of duty, while the prefect enjoyed the same competency in respect to the rural mayors. (Closca&Asandului, 2000, 154).

The county council was elected by the county electorate, 2 for each “plasa”. It enjoyed budgetary and legislative rights. While this body met only once a year, a permanent committee, presided by the prefect, as the representative of the central government, was in charge with preparing the annual meeting of the county council and with the current problems. The “plasa” was lead by a sub-prefect, with executive, coordinative and reporting (to the prefect) role. (Closca and Asandului, 2000, 157-8).

Beginning with **1866**, until the end of the Second World War, Romania was ruled by the German Hohenzollern family, for most of the time as constitutional-parliamentary monarchy<sup>57</sup>. The 1866 Constitution referred very shortly to counties and communes in its IVth chapter<sup>58</sup> and proclaimed “complete decentralisation and communal independence” as main principles of territorial-administrative organisation. As widely recognised, the 1866 Constitution, inspired by the 1831 Belgian one, went far beyond the reality on the ground in Romania; these principles were not implemented or, at least, observed in the actual administrative act.

<sup>57</sup> After 1938, for a very short period, Romania was an absolute monarchy under the King Carol II.

<sup>58</sup> See the 1866 Constitution, <http://www.constitutia.ro/>

Until 1925 no major changes in this territorial-administrative organisation were operated, nevertheless, the Romanian territory as such transformed significantly following the Independence War (1877-1878), The Balkan Wars, and the First World War. The **1923** Constitution confirmed the territorial-administrative organisation of the “Great Romania”, a lot larger now, into “judete” and “comune”, and set “administrative decentralisation” as main principle at the base of the system. The new 1925 Administrative Law divides the territory into 66 judete, each comprising between 1 and 6 urban communes and several rural ones. (Alexandrescu, Bulei, Mamina, Scurtu, 2000, 468). A fourth administrative tier was introduced between counties and urban/rural communes, the “plasa” (Closca and Asandului, 2000, 171) without legal personality.

Contrary to the principle of administrative decentralisation encompassed in the Constitution, the new administrative law actually re-enforced the centralized character of the administrative system (Closca and Asandului, 2000, 169). The position of the prefect, as representative of the central government and chief of the county administration, i.e. the county council, is strengthened, as he enjoyed controlling and supervising competencies above all cities and communes in the county (Closca and Asandului, 2000, 170-171). To balance the strong position of the central government, through the prefect, in the territory, the communal councils and the majors enjoyed legislative initiative and decision-making power on a series of issues of local interest: education, culture, roads, local administration regulations (Closca and Asandului, 2000, 173).<sup>59</sup>

In 1929 further administrative laws were adopted, for both central and local administration. This body of laws resulted in further centralisation of the administration in the Great Romania (Matichescu, 2000, 145). The Local Ministerial Directorates, functioning as centres for local administration and control represent a novelty for the system and strengthen the position of the central administration in the territory (Matichescu, 2000, 160).

The differences in the administrative systems in place in the three provinces prior to the 1918 Great Unification, especially between Transylvania and the rest of the country, hampered the smooth implementation of this unitary system, and reforms trying to further decentralise it were rather unsuccessful.

<sup>59</sup> In this context the issue of villages’ self-administration raises considerable attention. The 1925 Law tried to put together in a commune more villages than in previous times. The high costs this reorganisation implied for peasants who had to spend a lot of money and time to resolve their problems at the communal administration, determined a fast return to the traditional patterns. Villages under 600 inhabitants associated to a commune enjoyed self-administration, through village assembly or council (Closca and Asandului, 2000, 173-4). Unfortunately, this strong traditional root of self-administration was fully destroyed by the communist regime. Presently communes depend of counties to a very large extent.



The 1938 Constitution, drafted to support the Carol II personal regime, changed again the territorial-administrative of the Kingdom. The system became more centralised, the Parliament was dissolved and the government played a formal role in the hands of the “head of the state”. The law maintained the “commune” and “circle” (429) and the “judet” (71) was transformed in a control circumscription (Closca and Asandului, 2000, 177). The law introduced *10 “tinuturi”*<sup>60</sup> (provinces), which enjoyed significant economic, cultural and social attributions and were administered by a royal resident. They reunited between 4 and 10 judete, not necessarily taking into account historical borders, but rather real needs in terms of socio-economic evolution, geographical and economic criteria. The (considered) “parasite” smaller counties had to make place for fewer regional institutions, involving lower costs, meant to administrate budgets properly and to plan and implement more development investments.

This reform intended also to eradicate the politicisation and corruption of the administrative system, having resulted from some of the provisions of the 1923 Constitution<sup>61</sup>. Therefore, nomination became the main instrument for assigning persons in certain positions. The mayors at communal level were not elected anymore but nominated after a very serious selection process. The county prefects were as well career public servants, nominated through royal decree. The Province Governor enjoyed significant competitions, as the public services were deconcentrated. He was the chief of the local administration and of the several public departments united around his position. (Closca and Asandului, 2000, 176-7).

Through weakening the judet, and strengthening of the commune and province levels, the administrative system was regionalised and some public functions deconcentrated. The professionals in charge with the administration at all levels supposed to address and resolve problems in an efficient way; the impact of these overhauling administrative reforms could not be assessed as the Second World War started and the system witnessed further changes during and in the immediate period after the war.

### **2.3 The Communist Legacy**

After the years of the Second World War, when significant parts of the Romanian territory again left and/or re-entered the jurisdiction of the Romanian state, the 1948 Constitution restated the units of territorial administrative organisation of the country:

<sup>60</sup> Jiu, Arges, Marii, Dunarii, Nistru, Suceava, Alba Iulia, Crisuri, Timis.

<sup>61</sup> One Senat member per county was elected by the county council (1923 Constitution, art. 69); this provision created the possibility for the Candidate to “buy” this position from the county council members.

*communes, plasi* and *judete*. Only 2 years later, following the regime change, the territory of the new Socialist Republic was again drastically differently organised into: *regions, districts (raioane), cities* and *communes*, in a relationship of *subordination*, according to the soviet model and with little connection with the Romanian traditional forms of administrative-territorial organisation. The existing 58 *judete*, 424 *plasi* and 6000 *communes* were replaced with **28 regions, 177 raioane, 4052 communes**, and **8 cities of national importance**<sup>62</sup>, with a statute equal with the regions' (Alexandrescu, Bulei, Mamina, Scurtu, 2000, 477). Until 1960 only 16 regions remained, i.e. Bacau, Baia Mare, Banat, Bucuresti, Cluj, Constanta, Craiova, Galati, Regiunea Autonoma Maghiara<sup>63</sup>, Hunedoara, Iasi, Oradea, Pitesti, Ploiesti, Stalin/Brasov, Suceava (Closca&Asandului, 2000, 211). Through political representatives of the "unique party" responsible with controlling the administrative activity, *the political interference in administration becomes a permanent and generalised practice*. As we will see further, this rule continues to be applied nowadays in the Romanian administrative-political system, as unwritten law.

Following the 1965 Constitution, which declared Romania a Socialist Republic, in **1968** the regional units were abolished and the *judete, cities and communes* (the later as rural municipalities) were reintroduced. Some of the older, traditional counties were not recreated. The politicisation of the administration continues, as the prime-secretary of the communist party at county and city levels was also the chief of the administrative apparatus in their jurisdiction. This reform envisaged a further centralisation of the system, which permitted the Communist Party to continue the industrialisation process and the implementation of the "democratic centralism" principle. (Matichescu, 2000, 182)

Nowadays the Romanian territorial-administrative structure does not differ from the one in place in 1970, despite the obvious necessity to adapt this structure to the new political and economic realities. The administrative experience of centralisation and political interference accumulated in the communist years marked considerably the Romanian mental framework. Despite 150 years of 4 levels-governance system ( taking the "plasa" into consideration) against 20 years (until 1989) of only 3 levels, the territorial-administrative changes are difficult to operate. The year 2003, when the latest Romanian Constitution was adopted, represented a momentum for a real debate on regionalisation, and a possibility to upgrade the current statistical regions to an administrative-territorial structure. The changes operated in the 2003 Constitution only reinforced the already existing construction and functioning of the territorial-administrative system in Romania.

<sup>62</sup> Cluj, Constanta, Galati, Iasi, Ploiesti, Stalin, Timisoara, Bucuresti.

<sup>63</sup> Which enjoyed a large local administrative series of rights (Closca&Asandului, 2000, 212).

While regions still do not enjoy administrative-territorial status and the regional bodies do not represent a governance layer, the new Constitution underpins the principles of decentralisation and local autonomy, continuing the “tradition” of formal regulations vs. different informal reality set up in Romania by the 1866 Constitution.

### **3 Administrative-political culture in Romania**

Notwithstanding the lip-service paid to principles as local autonomy and decentralisation, inserted in all Romanian ever adopted Constitutions, the Romanian administrative system has permanently functioned in dependance of its central institutions. During the communist regime centralism was openly admitted and pursued. Nevertheless, when this was not the case, the informal reality, i.e. dependency of lower levels of central administration, has contradicted formal legislative provision in force. Albeit, at EU pressure, several measures were taken to improve the situation, on the ground no significant, satisfying progress has been achieved. (Mungiu-Pippidi, 2002b, 28; European Commission Report on Romania, 2006, 10)

The communist regime in Romania left us with a *highly centralised and politicised public administration*. The political power was concentrated in the hands of the Communist Party which subordinated the state apparatus. All policies were decided at central level, the local levels of political administration only enjoying implementation competencies. The administration was fully subordinated to political superiors, the employees being hired on ground of their affiliation to the Communist Party or to the personal “clientele” of an official. As in the communist economic system the state was the owner of the economic system, the tax system was almost non-existent. Only 9% of the salary was officially public tax, a contribution to the system of social insurance. As a consequence the people could not develop the belief that the public services they received were a result of the taxes they paid, and that the state was just an “administrator” of those funds, whose functioning is financed also by tax-payers. All public services were considered delivered by the “State” itself. This mentality persists even today, when in Romania a fiscal system exists and where taxes are rather high.

Changes in the administrative structures should have followed the regime change in 1989. Nevertheless Romania, contrary to other countries in the CEE, perpetuated the soviet model in respect to public administration organisation; for a long time the status quo as regards the administrative layers and their competencies was preserved; narrowly defined problems were delegated to national agencies, instead, eventually, to local government.

These agencies must satisfy a series of phases and budgetary lines already decided in detail by superior institutions. Efficiency in this model is measured in terms of input while, due to lack of emphasis on output, the real performances remain unknown. Reducing bureaucracy has been permanently on the agenda, but very few institutions have undergone real reforms (Ionita, 2002, 122).

Due to the particular political-administrative history of the country, and especially to its last episode, the communist regime, and despite the reforming efforts undertaken in the last years (see further), the Romanian formal institutions are still insufficiently developed. As a result the public administration suffers from *fragmentation*, *structures fluidity*, lack of incentive for horizontal and vertical cooperation and communication<sup>64</sup>, lack of transparency in the decision-making process, *corruption*, conformism and opportunism. *Politicisation of administration* delivered by far the most significant damages. Due to the influence politicians enjoy, literally, on administration, a real, *long-term commitment* towards reforming administration hasn't been achieved yet.

The “informal realities” beyond the legislative changes and other soft measures taken at central level are responsible for the “incremental” change in the Romanian public administration. As already exemplified above, one of the “algorithms” of the administrative behaviour is the permanent creation of formal institutions: when a problem appears or an already existing problem assumes wide public relevance, a new institution is set up in order to tackle it (Pasti, Miroiu, Codita, 1997, 102). Nevertheless, not only that this happens despite the existence of other bodies which already, at least tangentially, are in charge of resolving the respective issue, but also when the problem is resolved, the newly set up institution, together with its employees, remains in place (see also Ionita 2002b, 124, 129). This “custom” results in a *fragmentation* of the range of actors supposedly in charge with a problem and in the weakening of these institutions which enjoy fuzzy roles and competences<sup>65</sup>; this malaise originates in the tendency to increase the bureaucratic apparatus in order to conciliate competing interests from different sectors and to iron conflicts among diverse pressure groups (Ionita, 2002b, 118). Weak inter-

<sup>64</sup> Before 1989 the relationship between the state and society was dramatically broken by the high number of political intermediary organizations, which had the role of preventing associative phenomena outside the unique political party and, at the same time, to control and substitute any form of organized action. Romania is known as one of the most civically “fragmented” Eastern European countries. While Poland took advantage of its religious institutions to preserve and maintain some collective actions, Romania lost its “togetherness” culture. (Pop 2002, 27)

<sup>65</sup> Another example of this “malaise”, further than the PAR system presented earlier, is the expansion of the central government in 2001, i.e. a SDP Nastase government with 27 ministries.

ministerial and inter-county or cities horizontal coordination and cooperation augments the effects of this phenomenon of fragmentation.

The numerous Romanian ministries and agencies appear and disappear or change their competences very often. The immediate consequence of this behaviour is the “*fluidity*” of the system: the institutional memory of these organisations is lost as fast as the continuity of programmes, personnel and documents; if continuous, these could lead in time to an improvement of the administrative performance. (Ionita, 2002b, 124).

The political class has often intervened in the composition and structure of the administrative apparatus, but these interventions were not carried out with the purpose of reforming the system. Their purpose was to take over power positions the new political representatives wanted to control (Ionita 2002, 123) and the instrument used to attain this goal is the *development of personal support networks*. To a great extent the bureaucracy pays lip service to the reform, while it tacitly acts against or neutrally towards it, as its main purpose is *preservation*; it prefers the facile status quo, daily instructions received from “above” and inter-institutional power-games based on informal relations (Ionita 2002, 123). Subsequently, in the Romanian administration decisions are still made arbitrarily and the authority of the “leader” over his employees is almost total. This represents the major incentive for a civil servant to satisfy his superior and not the public, as his immediate professional well-being, and together with it his financial situation, depends on the former. Belonging to a political “clan” and not proper qualification is the best predictor to determine if somebody can occupy a position in Romania (Pippidi 2002, 45; Ghinea 2002, 157; Pasti, Miroiu, Codita, 1997, 109). Despite the budgetary austerity, local administration seems unwilling to decrease the number of the civil servants hired (Ionita&Fartusnic, 2002, 108) as they represent existing or potential loyal supporters, but this does not decrease their dependency of the superiors. In such an instable environment the life of civil servants is harsh, incomparable with the one of their Western colleagues (Ionita 2002b, 125). The uncertainty combined with insufficient remuneration results in a body of civil servants less qualified, more heterogeneous, loyal to their superiors and not to the tax-payers.

The *administrative politicisation*<sup>66</sup> continued also after 1999, the year of some major legislative change and especially after the 2000 elections when 1300 public servants were fired by the Nastase government (Pippidi 2002, 29; Ionita 2002, 124)<sup>67</sup>. Changing the civil servants was made under the mask of changing institutions, i.e. their internal structure or only their names was modified or more institutions were put together (Ghinea 2002, 164). The significant change happened at local level, where these actions are less visible. Out of 1300 civil servants present in the data base of the National Agency for Civil Servants<sup>68</sup> (NACS) as fired and in need to find another position in the administrative apparatus, only 200 had previously worked at central level. In addition, out of these 1300, mostly hired after 1996 (sic!) only 10 had been redistributed in other positions, while most of the (new) ministries organised contest for several vacancies (Ghinea 2002, 169) ( The Public Manager 2, 2).

The *centralist* “ideology” survived for a long time trough preserving the institution of “prefect” nominated by the government as its representative in the territory, which could annul all decisions taken by the local authorities until the Court takes a final decision<sup>69</sup>. (Pippidi, 2002c, 41). In 2000 out of 115.000 civil servants, 32.000 were employed at local level. The fact that almost 2/3 of the civil servants belong to the central institutions of their territorial institutions confirms, one more time, the strong centralisation of the state in Romania (Ghinea 2002, 157).

<sup>66</sup> Politicising administration is not necessarily a negative issue, but it needs regulations and limitations. Indifferent which system is applied, the American, which permits politicisation of the administration, or the European, which differentiate clearly between political power and administrative apparatus, transparency has to be the ruling principle. The Law 188/1999 ([http://www.cdep.ro/pls/legis/legis\\_pck.htm\\_act\\_text?id=21281](http://www.cdep.ro/pls/legis/legis_pck.htm_act_text?id=21281)) limits drastically the political interference within the administrative apparatus; starting with the general secretaries all the positions are considered administrative. The striking difference between the law provisions and the reality in the filed, where political leaders have always acted as the administration is their private domain, assures the failure of this regulation. If this regulation were enforced, it would block the access of a large political clientele to significant positions as state or Parliament secretaries. (Ghinea, 2002, 159)

<sup>67</sup> The government in place after the 2000 elections, underwent institutional re-organisation with the purpose of replacing a significant series of civil servants active in the 1996-2000 administration and immovable after the 1999 Statute of Civil Servants. Using pretexts like changing the name but not the role of some institutions, or applying qualification test (not contests, as the law stipulates) the new government managed to replace 1300 civil servant, who, paradoxically, even if the ...organised contests for new vacancies and it was obliged to grant priority firstly to the “unemployed” civil servants in its data base, were never redistributed. (Ionita 2002, 124-5)

<sup>68</sup> The National Agency for Civil Servants was not involved in the process of “renewing” the public administration, which, on one side, raises suspicions on the credibility of the process per se, and on the other side, proves the fact that the NACV still does not take it role seriously in defending the statute of these group. ( 2001 Commission Report on Romania). The Agency enjoys theoretically a wide series of competences, but these have been drastically limited with the help of new legislative acts adopted after the set up of the Agency. As it was totally subordinated to the Ministry of Public Administration by that time, (in the period following the 2000 elections) it did not initiate any interventions to support or protect the abusively fired civil servants of offer them juridical assistance. (Ghinea 2002, 162-3)

<sup>69</sup> As we will see further, beginning with 2006 the “prefect” position is de-politicised.

The centralist “ideology” matches the *collectivist*<sup>70</sup> and *paternalistic*<sup>71</sup> mentality of a part of the population and they obviously reinforce each other. The combination between paternalistic mental framework of a large part of the population and low trust in the state institutions is paradoxical, but it can be explained through low political and civic education of this group<sup>72</sup>, which perceives that some institutions do not function properly, but cannot figure out a viable alternative (outside church and army). According to public opinion polls, politicians, civil servants and judiciary power enjoy the lowest level of trust from the population (Pippidi, 2002, 31). The proportion of municipalities where at least one NGO is active at local level is very low. In 82% of the municipalities no NGO is active. Taking into account only those municipalities where NGOs are active the data show that in about 70% of the cases no NGO leader holds the office of counsellor. In those cases where at least one NGO leader does hold an office as local counsellor the average proportion of NGOs in this situation of the total number of NGOs is 60% (Pop 2002, 14).

As having developed in a different political contexts (see the first sub-chapter), the historical regions determine to a certain extent the local administration capacity to reform and cooperate with other authorities. Ardeal and Banat are the most reforming and cooperating regions. Local administration in these two regions is more active and open towards the idea of reform (Ionita&Fartusnic, 2002, 106). In Banat and Ardeal the mayors are also more open to privatisation of previously state-owned local enterprises and services. Institutional culture influences the capacity of the local administration in executing the budgets and communicating the results of this process, as Banat and Transylvania perform better in these respects, as well (Ionita&Fartusnic, 2002, 105-108, 135). Moldova, with the highest average of financial transfers within total local revenues—55%—differs significantly from Transylvania, Banat, Crisana-Maramures and Muntenia as regards the two considered variables: openness to reform and cooperation/communication; rent-seeking behaviour seems to be stronger in this region as well (Pop 2002, 14).

<sup>70</sup> “The totalitarian Romania survived inoculating people the idea that they are an instrument to reach a goal towards which their person means nothing”. (Pasti, Miroiu, Codita, 1996, 171). After 1989 this goal changed, but the idea of the “common, transindividual sacrifice” persisted. Nowadays this idea is still overtly brought up, especially in the relation with the reforms to be implemented to enter the EU (see the strike and protest movements in November 2005). Nevertheless, the general discourse characteristic to a part of the population (intellectuals, urban inhabitants, and thin middle class) reflects more liberal values.

<sup>71</sup> On the average, most municipalities (especially small or/and ethnically fragmented) support the mayor’s position unconditionally (69%), while 28% support the mayor depending on the issue. Only 3% of the total local authorities reported a lack of support for the mayor. That the mayor is always supported might reflect either a “strong” mayor or a weak and less involved local council (or both). More seldom are the situations where the support of the mayor is due to a good administrative team; more frequently the person of the mayor is important. (Pop, 2002, 24)

<sup>72</sup> 2/3 of the population seems to be civically incompetent, i.e. they do not know where they have to complain if their rights were infringed, don’t take measures if they are abused, and turn their back if they witness corruption cases. (Pippidi, 2002c, 98).

More worrying is the fact that this institutional culture perpetuates, in administration and among politicians. The generation change cannot alter the rules of the game as long as the recruiting process and socialization is organised according to old models: poorly prepared candidates are selected through clientele mechanisms, the efficiency of their work is not evaluated and promotions are the result of internal group fights (Ionita, 2002, 123). The same author proved in another study that younger or better educated mayors don't behave differently in relation to resource management, institutional innovation, efficiency or good communication. It seems that a real change in the Romanian administrative-cultural mind frame needs more than a change of generation, as assumed 10 years ago (Ionita, Fartusnic, 2002, 115).

#### **4 An overview of the post-communist public administration reform**

The situation presented above persists currently in Romania despite the reforming measures taken after the regime changed. Especially in the last ten years, beginning with 1998, several governmental bodies have been created and received competencies vis-à-vis the reform of the public administrative system, i.e. the Commission for the Civil Service, the Superior Council for Public Administration Reform, the Public Policies Coordination and Structural Change Units, the Inter-ministerial Group for Public Administration Reform (GIRAP), the Governmental Council for Monitoring the PAR, a National Agency for Civil Servants, a more recent (2003) Central Unit for Public Administration Reform (CUPAR). A Trade Union of Civil Servants was set up and the National Institute for Administration, with 8 regional centres was established in order to provide professional training to civil servants, element essential for a real reform in this field.

Several legal instruments and strategic documents were also drafted to guide this reform, i.e. the Civil Servants' Statute (1999, revised in 2003), a 1999 "General Strategy Regarding the Acceleration of Public Administration Reform", a Code of Ethics for Civil Servants (2004); since 2001, an annual PAR programme was implemented until the last year before accession (2006). Increased attention is given to public policy formulation process, and the General Secretariat of the Government, together with public policy units in all ministries, are directly responsible with this issue.

As already noticed, the picture of the institutional structure in place for the public administration reform is confusing, as the institutions enumerated above are numerous, and their competencies frequently overlap. More confusing is the presence of other institutions, further than the ones enumerated, for example, in the OP Development of the



Administrative Capacity (OP DAC, page 12), which also have attributions connected to the public administration reform, among others the Inter-Ministerial Council for Administration, Civil Service, Decentralisation and Local Communities, the Inter-ministerial Committee for the Coordination of the Public Policies Reform Process. This plethora of institutions in charge, in principle, of the same problem, illustrates one of the symptoms the Romanian public administration displays, respectively, the unjustifiable extending of its structures, by setting up new bodies with certain responsibilities, which are not dissolved when the issue they were created for was tackled, and which do not coordinate their activity with other bodies dealing with the same matter.

The last Monitoring report on the state of preparedness for EU membership of Bulgaria and Romania, issued by the European Commission in September 2006, notified the progress Romania registered, again at legislative, formal level, in reforming the public administration, i.e. the law on local public finance, the law on civil servants, amending the Civil Service Statute, but also presented the steps still needed to be taken to complete this process, e.g. drafting of a new law on unitary pay for civil servants, completing the new Civil Service Statute.

Although from a legislative level the reforming efforts seem to be almost completed, beyond this formal surface the situation hasn't substantially changed. On one side, the powerful link between reforms and their initiators raises doubts regarding their self-sustainability (Alistar, 2007, 8), and on the other side, their implementation until the last commune will require augmented efforts, the results being noticeable in the best case in the medium run. The best example in this case is the de-politisation of the prefect office; the fact that the prefects in office simply resigned from their respective political parties and joined the civil service as high level civil servants at the time the new legislation imposing their political non-engagement entered into force severely reduced the effectiveness and credibility of this reform. The same is valid for the Law 249/2006 which supposed to penalise the political migration; this law was declared unconstitutional on grounds of retroactivity by the Romanian Constitutional Court, decision representing a step back in the efforts made to stimulate the responsible behaviour of the political class (Alistar, 2007, 8;29)

The formal reforms carried out in the last years were made on the pressure of the European Union. Even one year after entering the EU, Romania belongs to the categories of countries not fully consolidated from a democratic point of view, where the most important factor of changing, at least in some fields, e.g. high corruption, is the influence

of external factors (Mungiu-Pippidi, 2002c, 20; Ghinea 2002, 157; see also the European Commission, 2008, and the Operational Programme Administrative Development, 2007, 12)

## 5 Corruption

The medieval society in Romania, especially in the Old Kingdom (Moldavia and Walachia) tolerated and even promoted corruption from top to bottom, especially because of the financial obligation the Romanian provinces had towards the Ottoman Empire, obligations which stimulated abuse and dishonesty (Closca&Asandului, 2000, 69). The system of Phanariot rulers appointed by the Ottoman Empire worsened the situation (Closca&Asandului, 2000, 90), as these appointments were based on financial gifts; practically the highest political-administrative positions were bought from the Turkish Sultan. Once appointed, the new ruler was recovering his “investments”, eventually register profit, by “re-selling” several positions in his state apparatus. The “new” appointees were adopting the same strategy towards their subordinates. As a result, most of public positions were occupied by wealthy persons, who aimed to increase their economic power first and had only as second objective to fulfil the administrative obligations attached to their positions.

Inherited from the Turkish Empire or not, the certitude nowadays is that in Romania corruption has become an endemic problem. Romania’s index of *perceived* corruption as calculated by Transparency International represents 3.7 out of 10.00, way under the “passing” grade, i.e. 5; which renders Romania the most corrupt country in the EU. With this score Romania lands on the 69<sup>th</sup> place in the classification set up by the same organisation, even behind Turkey, positioned on the 64<sup>th</sup> (score: 4.1) (Perceived Corruption Index 2007, Transparency International<sup>73</sup>)

Extended corruption in public administration *is the direct consequence of its institutions incapable of offering services to the population, especially highly important public services, as justice and security.* It is the direct symptom of the lack of efficiency and weakness of the formal Romanian institutions<sup>74</sup> (Mungiu-Pippidi, 2002b, 30). The communist regime created all the conditions for a corrupted society, i.e. infinite restrictions and arbitrary, no rewards for upright behaviour, insufficiency of basic resources and a

<sup>73</sup> [http://www.transparency.org.ro/politici\\_si\\_studii/indici/ipc/2007/index.html](http://www.transparency.org.ro/politici_si_studii/indici/ipc/2007/index.html)

<sup>74</sup> Here corruption is defined as a supplementary fee paid to obtain public goods, and, this is the reason for which it is rather an indicator of how the institutions to do their job than of local culture or mentality. The people offer bribe to public administration for public goods it should offer for the taxes the citizens pay already. (MP, inst cor, 2002, 140)

group of persons above the law (Mungiu-Pippidi, 2002b, 77). The same author underlines that “what contributed to raising corruption in post-communist Romania was not reintroducing markets and liberal businesses, but the survival of administration and of its institutional culture from the communist times” (Mungiu-Pippidi, 2002a, 140).

Neither mayors, nor entrepreneurs widely admit the existence of corruption. As a consequence, it proves difficult to measure it, and most studies, including the Transparency International publications, measure actually its *perception* (Ionita&Fartusnic, 2002, 113). Nevertheless, the fact that the population perceives clearly the wide practice of receiving and offering bribes seriously undermines the legitimacy of the public institutions in place and of their leaders, and even of the type of political organisation as such; this factor is one of the independent variables which explain the preference of a part of the population for communism and/or radical right parties or movements.

Corruption obviously develops also due to the participation of the population having a low level of civic competence. Citizens accept to be inadequately treated by civil servants as they still perceive them as an extended arm of a total(itarian) political power, and not as functionaries paid from their own money, via the tax system, functionaries who should consequently work in their interest. Citizens consider it easier to offer bribe than make a stand in order to receive the proper treatment and they do not consider themselves defenders of public (= their own) interest. The public authority is still perceived as repressive and untrustworthy, and not the entity in charge with applying and defending the law and order (Mungiu-Pippidi, 2002a, 141). The perceived procedural injustice and corruption is lower at the level of local administration, compared to any other institution (courthouses, police, hospital, school, work-place) (Pop, 2002, 32). As mentioned in the previous sub-chapter the control of the civil society on the government is weak, as the civil society itself. In such circumstances the governments’ main goals are to redistribute wealth from state itself to political clientele or to maintain the control on power, or both, and not the citizens’ well-being. An anti-corruption law has no sense in a country where political culture makes that no law is respected and nobody collaborates with the police, itself corrupt to a certain extent (Mungiu-Pippidi 2002a, 133-135)<sup>75</sup>.

Almost 20 years after the regime change and despite the measures taken by the governments in power in this timeframe, under this surface the public administration “modus operadi” is practically unchanged (see also Mungiu-Pippidi, 2002a, 147). The latest Monitoring Report on Romania and Bulgaria issued by the European Commission in

<sup>75</sup> The definition the author work with is: corruption is breaching the norm of impersonal feature which has to characterise any modern bureaucracy (for any sort of profit, material or status).

September 2006 registered the progress made, at formal level, in fighting corruption, i.e. the National Strategy and Action Plan for fighting corruption continued to be implemented, new legislation tightening the rules on financing political parties was adopted, the number of corruption allegations investigated increased, the capacity of the National Anti-Corruption Directorate (DNA) and Directorate General for Anti-Corruption was strengthened, two national campaigns were started to increase awareness among the public and civil servants, including the judiciary, of the negative consequences of corruption, but, at the same time, concludes that “corruption remains a general concern.” (Commission, 2006, 36).

After 1<sup>st</sup> of January 2007, as Romania became a EU member, the European Commission focused on high-level corruption, to be monitored in the framework of the Mechanism for Cooperation and Verification<sup>76</sup>. A more thorough analysis of the legislative and institutional measures and public policy development meant to address the phenomenon of corruption is made in the 2007 National Corruption Report 2007<sup>77</sup> issued by Transparency International Romania for the period April 2006-April 2007. Both the Commission and the TIR reports question the self-sustainability of the measures taken in the last three years to tackle corruption, as these are very powerfully linked to their initiators and a common political agreement and willingness across the entire political spectrum still hasn't been reached yet.

## **6 Local administration and the administrative and fiscal decentralisation process**

While at the beginning of the 90's a high degree of centralization in decision-making and high uncertainty at the local level were the rule, by 1997-98 a slow process of decentralization by ‘creeping’ took place<sup>78</sup>. On one side, successive governments have faced mounting external pressure to implement reforms packages, from the European Union and other international institutions and fora; decentralization was a crucial

<sup>76</sup> [http://ec.europa.eu/dgs/secretariat\\_general/cvm/index\\_en.htm](http://ec.europa.eu/dgs/secretariat_general/cvm/index_en.htm)

<sup>77</sup> <http://www.transparency.org.ro/>

<sup>78</sup> Prior to 1998 the financial arrangements governing local administrations were stipulated by the Public Finances Act and the annual State Budget Acts. The process of establishing expenditure priorities and that of long-term budgeting were seriously impeded. For any investment expenditure the approval of the Ministry of Finance was compulsory. Credit and capital market access was more than limited. Revenues of the local budgets were established through the State Budget Act, which was annually passed not sooner than March, i.e. after the beginning of the fiscal year. Local administrations had to prepare a draft proposal for the expenditures of the next fiscal year, while the final decision came to be known only a few months after the beginning of the fiscal year. Thus the budgeting process was more of a mere ritual formality than an effective means of pursuing local objectives and responding to local needs. Local budgets were significantly dependent upon governmental transfers: more than 75% of local budgets' revenues were due to governmental transfers from the state budget. (Pop 2002, 7)

component in all these packages. These requirements corresponded, to a certain extent, to the central government desire to get rid of some spending and administrative burdens, hence it transferred some responsibilities to the local governmental level. On the other hand, the central government was aware of the LGs' poor managerial capability, possibilities of fraud or municipal bankruptcy, overall public debt, rising inequality, etc. How we already saw in the previous sub-chapter, the central government has entrenched a paternalistic attitude towards LGs, not regarded as its equals, despite the Constitution and the lip-service paid to the principles of local autonomy and no subordination of lower levels to higher ones (Ionita 2003, 8).

The decentralisation process registered its ups and downs. By 2001 the legal framework for decentralising power to the local government was considered by the European Commission largely completed, including a new Law on Local Public Administration. After a period of stagnation two new pieces of legislation, a framework law on decentralisation and a law on the prefect institution were adopted in the 2004 in the spirit of the new 2003 Constitution, which introduced the principle of deconcentration and reinforced the principles of decentralisation and local autonomy. A strategy for managing the process of decentralisation in a transparent and stable manner was also adopted in May 2004. Nevertheless, the 2003 and 2004 Regular Reports of the European Commission warned against the serious incompatibility between decentralised tasks and the transfer of resources. At the same time, the ability of the local governments to raise local revenues remained limited and legislation governing financial transfers towards these lacked transparency and gave the county councils the power to control the transfer of resources towards the local councils.

The intergovernmental fiscal relations relied until 2006 on four main streams of legislation: The Law on Local Public Administration (LLPA), adopted in 1991 and amended many times afterwards, until it was replaced by a new LLPA in 2001 (215/2001), the Law on Local Taxes (LLT), adopted in 1993, and modified in 2002, the Law on Local Public Finance (LLPF), adopted in 1998, and the Annual State Budget Laws (ASBL).

These changes in the Local Taxes norms increased LGs' control over their own revenues and authorized local councils to administer their own taxes. Firstly, monitoring and collection of local taxes were entirely transferred to the LGs. Secondly, an automatic formula of sharing the personal income tax (PIT) among the three tiers of government was introduced, which improved the predictability of the intergovernmental finance. A system of equalization grants was introduced, thus reducing central government's discretion in earmarking sums for LGs (Ionita, 2003, 7). Besides these financial sources, an additional

possibility to increase local budget revenues was established: the possibility of borrowing from domestic and international credit markets. Nevertheless, few local governments took advantage of this possibility (Pop, 2002, 8).

LLPA and LLT extended theoretically the local administrative autonomy and gave the LG the possibility to use own revenues sources. However, many fiscal issues had not been sorted out and the predictability of the allocation process remained low. The new allocation system increased the power at *county* level<sup>79</sup>, through the discretion they enjoy in redistributing PIT sums from central budget towards the local authorities: in some cases the localities were given next to nothing; others, large cities, got a disproportionate share. Rural communes, who are generally most in need, suffered the most from this erratic distribution. No obvious correlation between the general development level of counties and a specific pattern of allocation could be established, aspect which suggests that it was entirely up to the county councils to decide how to distribute the PIT. The sums were often used to reward political associates, and only sometimes as a lever to force localities into thinking broadly and cooperate more with each other (Ionita 2003, 22). As a result of this system, substantial interaction took place, through both formal and informal channels, between county and locality officials in the process of drafting the budgets and allocating the transfer funds. The same way the counties had to wait for the passing of the ASBL in order to see how much money they eventually were distributed, the localities had to wait in turn for the county councils to finalize the equalization process. Therefore, this process created many points of entry for political lobbying and the rent-seeking behaviour (Ionita, 2003, 8).

Local administrations were also subject to central control of the Ministry of Finance regarding their budgetary executions. Further, this dependence of the central level was reinforced by the practice of imposing a series of specific programs on local administrations, i.e. in education, social assistance (in part), health, and, to some extent, public utilities and town planning, by the line ministries (Pop, 2002, 6).

In spite of its shortcomings, the equalization grants system introduced in 1998-1999 represented an improvement when compared with the situation before this package of laws was passed. The notions of vertical and horizontal equalization were operationalised separately and one could estimate how much financial effort was made in each of both directions, and follow trends in time. The simple and clear allocation formula eventually

<sup>79</sup>The *judet* council has a high discretionary power in re-allocating state transfers and the proportion of shared taxes (beginning with 2000, 15% of total shared taxes) collected for re-allocative purposes. (Pop 2002, 12)

reached was applied consistently in the first step of the equalization process: the distribution of funds from the central government, by county. Unfortunately this formula was not consistently applied in the second step – from counties to localities (Ionita 2003, 28).

These shortcomings were eliminated to a large extent in 2006, when a new package of laws for further decentralisation of public policies was adopted. This package includes: the Framework Law No. 195/2006 on decentralisation, Law No. 273/2006 on local public finance, Law No. 286/2006 for amending and supplementing the Law No. 215/2001 on local public administration, Law No. 251/2006 for amending and supplementing Law No. 188/1999 regarding the civil servants statute, and the GEO No. 179/2005 regarding prefect's institution. These laws ensure the premises for objectivity and uniform application of the principles governing the process of equalisation grants to local government, as it eliminates the political interference of the county councils in the funds allocation. In this sense, 80% of the funds for local budget equalisation are distributed by a decision of the Public Finance General Directorate, within the Ministry of Economy and Finance, in accordance with a clear and transparent formula, while the remaining 20% is allocated by a decision of the County Council, exclusively for supporting local development programmes (Alistar, 2007, 28). The new law on local public finances also stimulates a more responsible use of public funds and the fiscal efforts of LGs by introducing the obligation to present annually an analysis of the extent of own revenue collection (Alistar, 2007, 28).

It is too early to assess the impact of this new package of laws on the performance of the local public authority. Theoretically, the government encourages LGs to become more self-reliant, and the power of the county councils on local authorities was seriously diminished, nevertheless, a system overhauling will need some more time to take place. It is not sure if these formal legislative provision will be efficient against the rent-seeking mentality of local authorities, especially in rural communes and small towns, towards county and central government, as most of the time these fight with lack of financial resources necessary in order to deliver the public services they are responsible for or to elaborate and implement development programmes. And again, the political factor is the most important. The new legislation creates a favourable platform, and it is up to the local authorities and political leaders to make use of it, by acting as public managers with an entrepreneurial spirit.

## **7 Conclusions**

### **Multi-level Governance: informal aspects**

As Hooge&Marks state, “a weighted measure of multi-level governance must take account of formal and informal power relations among jurisdictions” (Hooghe&Marks, 2001a:2). As we will see in the following two chapters, the formal relationships between jurisdictional levels in place for the implementation of regional development policy prove the centrality of the policy-making process and institutional setting related to this policy field. The elaboration on public administration history, culture, and “modus operandi”, without bringing hard evidence of systemic malfunctioning related directly to the SIs management and implementation institutional system, supports and even strengthens the conclusion of the formal analysis. The central authorities exercise, through political and administrative channels, a strong influence on local authorities, which are, at their turn, paternalistic and display a rent-seeking behaviour. The principles of “local autonomy” and “decentralisation” still need some time to become real basis for the public administration organisation in Romania and for the relationship between its layers.

### **European funds absorption**

The financial and administrative capacity of the local authorities is of utmost importance for the absorption of European funds. As they benefit from a large part of the funds allocated to Romania, they need to have both the financial possibility to co-finance their projects and the technical capacity to receive and implement these funds. For both dimensions measures have been taken to assure absorptions, i.e. the 2006 law on local public finances and training programmes were organised at this level, financed mostly from pre-accession funds. Nevertheless, the localities still have to prove that they are capable of taking these offered tools and transform them in concrete results. A first concrete idea on the administrative and financial absorption capacity of local authorities will most probable be given by the first annual implementation reports (2008) and the first interim evaluations to be carried out in Romania in 2009, for all seven Operational Programmes.

### **Regionalisation**

Setting up a new, regional, governmental tier in Romania needs to overcome considerable obstacles, most of them of political nature. Preoccupied with problems of national interest, the decision-making factors in Romania prefer at this moment the “status-



quo” in the territory, while the changes operated by now in the public administration, even if it is about its qualitative improvement or decentralisation, have been made at the pressure of the European Union and still await full implementation. Contrary to the impression that the EU requires the new member states to install a regional governance level in order to implement the Structural Instruments, the only condition imposed to the candidate countries in the framework of the negotiations carried out for the 21<sup>st</sup> chapter was for these countries to have NUTS II structures capable of implementing the pre-accession aid and, upon accession, structural funds. At the same time, the LGs are reluctant to give up some of their prerogatives; subsequently, the three-tiers administrative system currently in place, respectively communes/towns/municipalities, county and central government, will be most probably preserved in the medium run (10 years).

On the other side, beyond this formal institutional engineering, a complex series of cultural factors support the administrative status-quo in Romania. The domination of politics on administration and of these both on the weak civil society hampers reform. Changing the present administrative culture still necessitates time and considerable efforts from the political leaders and intellectuals, and from the civil society’s representatives. The latest package of laws adopted in 2006, aiming to strengthen the administrative and financial capacity of the local authorities still need to prove their effectiveness, while their self-sustainability is questionable, due to the strong linkage with their promoters. At the same time, the 2008/2009 elections might change the political compositions of the coalition in power. The new set of laws eliminated the local authorities dependency of the county councils, in terms of resources distribution, but it is to be seen if this connection is created between local and central authorities, as the latest enjoy these competences after 2006.

CHAPTER IV  
**MULTI-LEVEL GOVERNANCE AND THE IMPLEMENTATION OF  
THE PHARE ECONOMIC AND SOCIAL COHESION COMPONENT IN  
ROMANIA**

**1 Introduction**

As presented in the previous chapter, Phare's total 'pre-accession' focus was enhanced in 1998, in response to the 1997 Luxembourg Council, when the fifth and most momentous enlargement round was launched. The accession process for the new candidate countries officially begins in 1998; two years later Romania starts as well the negotiations with the European Commission, with a view to becoming a EU member.

In this timeframe (1998-2006) we can distinguish 3 phases in the management and implementation of the Phare national programme):

- 1. 1998-1999:** characterised by limited financial amounts to be implemented, amounts focused on institution building projects meant to support Romania to implement the *acquis communautaire* and to prepare for EU membership;
- 2. 2000-2003:** as Romania started the accession talks, the EU financial assistance in these 4 years was directed towards *clear accession-driven objectives, respectively on the priorities identified in the Accession Partnership*; the yearly budget increased substantially from around 50-100 millions in 1998 and 1999, to approx. 250 millions yearly; as a consequence, the institutional frame for the management and implementation of these funds expanded accordingly;
- 3. 2004-2006:** characterised by multi-annual programming, partial transition towards a "structural funds-like system".

As narrowed down in the first chapter, this analysis concentrates on the institutional arrangements in place for the Economic and Social Cohesion Component of the Phare National Programmes, as within this component ERDF- and ESF-like measures have been implemented at regional level. The general institutional architecture in place for the management of pre-accession aid will be addressed as well, as the respective ESC Component unfolds in the general Phare framework and the institutions playing a role in

the Phare National Programme are relevant for the ESC component as well, e.g. the National Aid Coordinator, the National Authorising Officer etc.).

Therefore, this chapter is organised in 2 major parts. The first part sets up the background as it explains, on one side, how the programming of Phare funds is carried out, and, on the other side, the institutions involved in the management and implementation of the Phare National Programme, e.g. National Aid Coordinator (NAC), National Authorising Officer (NAO), and their concrete competencies in this respect. Further, other Romanian institutions fulfilling specific roles at national level in the management and implementation of the Phare National Programme are identified; the interlocking of these institutions and the evolution of these institutional arrangements are presented.

In the second part of this chapter the specific institutional arrangements for Phare ESC will be analysed. Using the methodological framework set up in the introductory chapter, the competencies, i.e. in terms of EU funds ***programming, implementation, monitoring, evaluation, financial management and control, audit***, of the Ministry of European Integration/Ministry of Development, Public Works and Housing, and especially of the regional, i.e. the Regional Development Agencies and the Regional Development Boards, and other actors, i.e. the National Board for Regional Development, involved will be analysed.

In accordance with the dead-lines laid down in the 2004 Financing Memorandum, the Phare 2004 ESC projects had to be contracted until the end of the year 2006, November; consequently, the implementation of most of them began in 2007, process which needs to be rounded up by the end of 2008. Therefore, at the key-moment 1<sup>st</sup> of January 2007, the ***Phare ESC 2000-2003 programme and projects represented the bulk of EU regional development policy-like measures implemented in Romania, having a real impact on the design of the future regional development policy and on the expertise of the institutions in place for its management and implementation***. For this reason, the analysis is concentrated, in the second part of this chapter, on the Phare ESC Component in place for the implementation of these programmes (2000-2003). The institution involved in the management and implementation of the Phare ESC 2004-2006, and their competencies, are almost identical, and only the few new elements are underlined when the Phare ESC delivery system is presented.

## 2 Phare Funds Programming

The pre-accession assistance is given in the general legal framework of the **Association Agreements**<sup>80</sup> (1) and taking into account the provisions of the Accession Partnerships (Guidelines for Implementation of the Phare Programme in Candidate Countries for the period 2000-2006, page 2).

In accordance with the Council Regulation (EC) 622/98, the **Accession Partnerships** (2) represent the single framework comprising the priority areas where measures need to be taken in order for the candidate/accession country to fulfil the European requirements as set up in the 31 negotiation chapters. In the Accession Partnerships, the European Council decides the principles, priorities, intermediate objectives and conditions for assistance, and the financial means made available to candidate/accession countries<sup>81</sup>. By financial means the instruments for implementing the aid, not the financial allocations per se, are understood; the Council has a saying as regards these allocations, when deciding on the annual budget<sup>82</sup>.

Taking the priorities set up in the Accession Partnerships as point of departure, **Action Plans** (3) have been elaborated for different sectors: administrative and judicial capacity, adoption of the *aquis communautaire* and the pre-accession fiscal surveillance procedure, the pre-accession economic programme, the pre-accession pact on organised crime, *the national development plans*, the rural developments plans, a national employment strategy in line with the European employment strategy, and sectoral plans necessary for the participation in the Structural Funds after membership and for the implementation of ISPA and SAPARD before accession. (Accession Partnership 2003, art. 2).

On the basis of these documents, Romania, as the other candidate/accession countries, initiates *the programming phase for the Phare funds at national level*, under the responsibility of the National Aid Coordinator, subsequently it elaborates and submits to the European Commission the **Programming Documents** (4), in the form of initial project and sector fiches. These project and sector fiches are elaborated under the NAC

<sup>80</sup> The Association/Europe Agreements, signed between the EC and all ten central and eastern countries at the beginning of the 90s, prepared the way for the EU and the candidate countries to converge economically, politically, socially and culturally. They covered political cooperation, favourable trade relations, economic activities and cultural cooperation (see chapter II for details).

<sup>81</sup> For Romania see: 2003/397/EC: Council decision of 19 May 2003 on the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership with Romania, 2002/92/EC: Council Decision of 28 January 2002 on the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership with Romania, 1999/852/EC: Council Decision of 6 December 1999 on the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership with Romania (revised in 2000), [http://ec.europa.eu/enlargement/archives/romania/key\\_documents\\_en.htm](http://ec.europa.eu/enlargement/archives/romania/key_documents_en.htm)

<sup>82</sup> see [http://ec.europa.eu/dgs/budget/budget\\_glance/how\\_decided\\_en.htm](http://ec.europa.eu/dgs/budget/budget_glance/how_decided_en.htm)

coordination, on the basis of the input (in respect of content) of the future managing and/or beneficiary institutions, in their quality of Implementing Agencies and Authorities. The Commission issues a **Financial Proposal** as departure point for negotiations with the candidate/accession country; the negotiations culminate in an “**Annual Financial Decision**” (including for each year of the Phare 2004-6, although in this period multi-annual programming was practiced) which corresponds to both sides interests, a compromise between the national Programming Documents and the EC Financial Proposal. The Annual Financial Decision is legalised by signing the **Financing Memorandum** (5). (Guidelines for Implementation of the Phare Programme in Candidate Countries for the period 2000-2006, page 4)

### **3 The Romanian institutional arrangements in place for the management of Phare National Programme**

#### **3.1 From DIS to EDIS and competencies shifts in the Phare implementation system**

According to the “Practical Guide to contract procedures financed from the General Budget of the European Communities in the context of external actions” (PRAG 2006)<sup>83</sup>, there are three possible approaches to managing the programmes/projects financed under the external aid programmes of the EC:

**1. Centralised:** the European Commission is the Contracting Authority and takes decisions for and on behalf of the beneficiary country. In this case, actions to be performed by the Contracting Authority are carried out by the European Commission, acting for and on behalf of the beneficiary country.

#### **2. Decentralised:**

**2.1. Ex-ante:** decisions concerning the procurement and award of contracts are taken by the Contracting Authority and referred for approval to the European Commission.

**2.2. Ex-post (EDIS):** decisions prescribed in the Financing Agreement are taken by the Contracting Authority without prior reference to the European Commission (apart from exceptions to the standard procedures), but subject to ex-post control of the Commission. (Practical Guide to contract procedures financed from the General Budget of the European Communities in the context of external actions - PRAG, pages 5-6)

<sup>83</sup> The latest edition of PRAG, 2007, is not applied in Romania, as from 1st of January 2007 the Romanian law applies to all public procurement activities, carried out for all public funds, national and European.

In the context of the implementation and management and of the pre-accession funds after 1 January 2007, the Article 27 of the Accession Treaty stipulates:

*“The ex-ante control by the Commission over tendering and contracting shall be waived by a Commission decision to that effect, following an accreditation procedure conducted by the Commission and a positively assessed Extended Decentralised Implementation System (EDIS) in accordance with the criteria and conditions laid down in the Annex to Council Regulation (EC) No 1266/1999 of 21 June 1999 on coordinating aid to the applicant countries in the framework of the pre-accession strategy and amending Regulation (EEC) No 3906/89 3 and in Article 164 of the Financial Regulation applicable to the general budget of the European Communities .“*

During the last years of the pre-accession period, Romania intensively prepared its institutional system for the management and implementation of Phare programme in Extended Decentralised Institutional System. The Commission Decision on awarding the EDIS accreditation to the Romanian Phare institutional system was adopted on 14th of December 2006, for the Central Financing and Contracting Unit and the Ministry of European Integration/Ministry of Development, Public Works and Housing, as Implementing Agency for Phare ESC part 1. On 2<sup>nd</sup> of April 2007 the Ministry of Labour, Family and Equality of Chances was granted EDIS as well<sup>84</sup>, as Implementing Agency for Phare ESC part 2, Human Resource Development: employment and social services.

EDIS is “granted” to the institutions involved in the management of the Phare programmes (and planned to be involved in the management and implementation of Structural Instruments), as a proof that they are able to fulfil their tasks independently, without the ex-ante control of the European Commission/its Delegation. Although Romania is in a far better case than other new Member States, which were not granted EDIS before accession, a division rather than a continuation of the two systems, Phare/Structural Instruments, can be observed. The institutions implementing Phare continue their activity in EDIS(system) beyond 2006 until all Phare funds are spent, i.e. 2010-2011, while the SIs management and implementing institutions act separately since 2004-5. For the latest, a “compliance assessment” of the SIs delivery system is required by the art.71 of the Council Regulation 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund. The first payments are made to Romania upon the completion, by the Audit Authority, and approval, by the European Commission, of this system audit.

Granting EDIS to the institutions managing and implementing Phare is significant for these institutions as such, and a lot less for the SIs delivery system.

<sup>84</sup> See the web page of the Ministry of Labour, Family and Equality of Chances: <http://www.mmssf.ro/website/ro/comunicate/030507comunicat.pdf>

### 3.2 Institutions managing the Phare National Programme implementation

Several institutions, at different levels, are involved in the management and implementation of pre-accession funds, fulfilling specific roles:

#### EUROPEAN LEVEL

##### 1. European Commission/Delegation of the European Commission

#### NATIONAL-COORDINATION LEVEL

##### 2. National Aid Coordinator (NAC)

##### 3. National Authorising Officer (NAO)

#### NATIONAL-IMPLEMENTATION LEVEL

##### 4. Implementing Agencies/CFCU

#### NATIONAL AND REGIONAL IMPLEMENTATION LEVEL

##### 5. Implementing Authorities

#### 3.2.1 The European Commission and its Delegation in Bucharest

The **European Commission** administers the Phare programmes with the assistance of the Phare Management Committee. This Committee is composed of the representatives of the Member States (not of the candidate/accession countries!); a representative of the European Investment Bank participates as well in the PMC, as observer<sup>85</sup>. The PCM approves the Financial Proposal made by the European Commission to the aid recipient.

According to art. 9 of the Council Regulation 1266/1999, the European Commission is responsible for coordinating the operations under the three pre-accession instruments and in particular for establishing pre-accession aid *guidelines*. Project selection, tendering and contracting by applicant countries is, under DIS, subject to *ex-ante approval* by the Commission, which also adopts *rules for inspections, i.e. control and audit missions, and evaluation*. Once EDIS is granted, this ex-ante control is waived; the Commission preserves only the competency of *ex-post control* of the management and implementation of pre-accession funds; from this moment, the evaluation function is decentralised towards the beneficiary states, as well.

<sup>85</sup> According to (art. 8, 9, Council Regulation 3906/89, 2004 consolidated text). See also [http://www.fern.org/pubs/briefs/phare.htm#\\_edn11](http://www.fern.org/pubs/briefs/phare.htm#_edn11) : “the Phare Management Committee, made up of representatives from both Member States and the Commission, exercises programme-level oversight. The committee delivers an opinion, on the basis of a financing proposal and project summaries and in light of the candidate countries’ progress in implementing the Accession Partnerships. Taking this opinion into account, the Commission may continue, re-allocate or withdraw aid allocations on national plans on a monthly basis as well as all projects undertaken under these plans.”

The **European Commission Delegation**<sup>86</sup> is the representative of the European Commission in the accession countries. In the early 1990s, the management of PHARE programmes was carried out exclusively at central level, i.e. the European Commission. In the late 1990s a series of responsibilities were progressively decentralised and transferred to the national authorities under the *ex-ante* control of the Delegations. Besides the system of implementation agencies linked to the National Funds created at national level, a substantial increase of Commission resources in the Delegations took place, necessary for the effective exercise of *ex-ante* control to be ensured (Guidelines for Implementation of the Phare Programme in Candidate Countries for the period 2000-2006, page 13, 14). Some decisions are still taken at the European Commission level, for example when a financial reallocation of more than 15% of the Financing Memorandum is proposed by the Joint Monitoring Committee (see further), reallocation which substantially affects the priorities of the Financial Memorandum (GD 1011/1999, annex 3 art. 5).

At *national* level, the system for the management and implementation of the pre-accession aid has been built up on the Commission requirements and the specific domestic necessities and characteristics of the Romanian administration. We can distinguish between three macro-competencies:

1. **coordination**: **National Aid Coordinator** (technical coordination), **National Authorising Officer** (financial coordination), **Joint Monitoring Committee** (overall coordination)
2. **financial management and implementation** : CFCU/Implementing Agencies
3. **technical management and implementation**: Implementing Authorities (and different line ministries in the case of Phare ESC)

As in the case of the delivery system in place for the management and implementation of structural instruments addressed in the fourth chapter, the *programming, implementation, monitoring, evaluation, information and publicity, financial management and control, audit* competences related to Phare funds are shared or divided among a series of institutions playing the roles mentioned above.

### 3.2.2 The National Aid Coordinator (NAC)

The **National Aid Coordinator (NAC)** is set up as a national focal point for the co-ordination of the pre-accession assistance. The NAC is embodied by the head of the

<sup>86</sup> The EC Representation after granting EDIS.



ministry where this institution is located or by a state secretary, as delegated by the minister. The NAC tasks are carried out by a general directorate under its direct coordination.

In Romania the **National Aid Coordinator (NAC)** was initially localised in the *Ministry of Foreign Affairs*; in 2000, as Romania started the accession negotiations and the European support “enhanced” its accession focus, the NAC moved to the *Ministry of European Integration*, as this was also responsible for the accession talks. According to the NDP 2004-2006, between 2000 and 2004 the NAC/MIE assured also the coordination, programming and monitoring of ISPA and SAPARD funds (NDP 2004-6, page 293). In 2004, when the preparations for structural instruments intensified and at the suggestion of the European Commission, the NAC was relocated to the *Ministry of Public Finances/Ministry of Economy and Finance*<sup>87</sup>. The NAC preserves the Phare competencies and coordinates the Managing Authority for the Community Support Framework/Authority for the Coordination of Structural Instruments, as well, general direction still responsible with the *programming, monitoring* and *evaluation* of Phare funds, next to programming, preparation for implementation, monitoring, and evaluation of structural instruments.

As regards *programming*, the specialised department of the MACSF/ACIS, i.e. Analysis and Programming Directorate, coordinates the elaboration of the project fiches drafted in accordance with the MACSF/ACIS guidelines by the Implementing Agencies and Authorities. The NAC *negotiates and signs* with the Commission the Financial Memorandum (covering the entire Phare National Programme, including the Phare Economic and Social Component).

The *monitoring* function was decentralised very early. According to the Financial Memorandum 2001, although from the very beginning the FMA provided for a **Joint Monitoring Committee (3)**, it is for the first time in 2002 that the Joint Monitoring Committee and the Sectoral Monitoring Sub-committees start their activity. The **JMC** is composed of the NAC, NAO, and Commission representatives (GD 1011/1999, annex 3, art. 15). It reunites at least once a year (in practice 2 times per year) and it analyses, based on the monitoring reports, drafted by the Implementing Authorities under the coordination of MACSF/ACIS, the progress registered in reaching the objectives of the envisaged

<sup>87</sup> Together with the National Coordinator of ISPA Programme. The SAPARD Agency was accredited and began functioning on its own.

projects, established through FMA. If necessary the JMC will recommend financial reallocations or priorities adjustments to be undertaken by the European Commission in agreement with the Romanian authorities.

If the JMC monitors at a more strategic level the implementation of Phare funds and addresses horizontal problematic issues identified in this process, which could be brought back in the negotiation process, *operational monitoring* is carried out in the framework of the **Sub-monitoring Sectoral Committees (SMSCs)**. For this purpose, the projects implemented under Phare National Programme are clustered in 10 Sectors<sup>88</sup>. The 10 Sub-monitoring Sectoral Committees are nominated by the JMC, and they are composed of the NAC, NAO, PAOs, and representatives of the EC Delegation. In practice deputies of these officials are taking part in the SMSCs where the progress registered in implementing each project in the Sector is analysed in detail, on the basis of the monitoring reports elaborated within the NAC/MACSF(ACIS)/Monitoring Compartment and of the evaluation reports elaborated by expert evaluators under the coordination of the European Commission/Evaluation Central Unit within the MACSF/ACIS.

If before granting EDIS the monitoring function was carried out jointly by the MACSF/ACIS and the European Commission; after 14<sup>th</sup> of December 2006, the Commission/its Representation in Bucharest enjoys only observatory status in the Sub-monitoring and Joint Monitoring Committees.

The **evaluation** of Phare programmes was decentralised to the MACSF/ACIS beginning with 1<sup>st</sup> of January 2007. The Evaluation Central Unit coordinates the evaluation exercises carried out by external evaluators on the basis of an Annual Evaluation Plan elaborated by MACSF and approved by the JMC. The follow-up of recommendations is ensured together by the ECU and the Monitoring Department of the MACSF, in special debriefing meetings and/or SMSCs.

### **3.2.3 The National Authorising Officer**

The **National Authorising Officer (NAO)** is heading **the National Fund (NF)**, established in most cases in the Ministry of Finance, which administers the funds allocated by the European Commission, and the national co-financing. The establishment of the Fund under the responsibility of a National Authorising Officer (NAO) reduces the parallel

<sup>88</sup> Economic and Social Cohesion and CBC; Public Administration, Agriculture and Rural Development, Justice, Home Affairs, Finance, Internal Market, Social Sector, Environment, Transport

structures in the financial management of PHARE funds and enhances co-ordination, especially with regard to measures co-financed with the national budget (Guidelines for Implementation of the Phare Programme in Candidate Countries for the period 2000-2006, page 14).

In accordance with the mentioned Guidelines, the Romanian **National Authorising Officer (NAO)** has permanently functioned in the Ministry of Public Finance, since its setting up in 1998. The NAO is authorised to manage the financial contribution of the European Community under the conditions established through the Agreement Memoranda concerning the establishment of the National Fund and the establishment of the Phare Central Finance and Contracting Unit (approved through GD no. 1011/1999), and through the Financing Memoranda concluded by the Commission and the Romanian Government (NDP 2004-6, page 291, see also GD 1011/1999, annex 3, art. 1).

The NAO *assures the respect for the rules, procedures and legislative provisions for Phare on public procurement and financial management and the functioning of a reporting system for all Phare funds, in order to facilitate the financial control and audit activities*. The activity of the NAO/NF is based on the financial management and implementation activity carried out by the Implementing Agencies, subject to an *implementing agreement* between the NAO/NF and the IAGs. The NAO *requests the funds* from the European Commission, through standard Request of Funds elaborated on the basis of the financial tables reflecting the contracted and paid amounts for each programme/component/project and the *anticipated* payments needs<sup>89</sup> (GD 1011/1999, Annex 3, art. 6) and *transfers to the IAGs the necessary funds*, assures the financial flux from national resources (*co-financing*), recovers unutilised funds from Implementing Agencies, reports to EC, EC Delegation, JMC, SMSCs on a monthly/quarterly basis.

The National Fund DG keeps *accountancy of all advance payments* and regular *payments* made by the Commission for each programme/project. If recommended by the JMC, the NF can reallocate between sub-programmes in the framework of the same Financial Memorandum, after their endorsement by the European Commission or its Delegation in Bucharest<sup>90</sup>. The European Commission (OLAF) is informed, by the National Fund, through NAO, as regard all suspected and actual cases of fraud and irregularity and related measures taken by the national authority. The NF may investigate if the irregularities reported by the IAGs are accurate.

<sup>89</sup> As communicated by the IAGs.

<sup>90</sup> If the reallocation affects less than 15% of the FM value and the objectives of the FM are not affected, the Delegation may endorse the respective changes.

### 3.2.4 The Romanian Court of Accounts

The **external audit** responsibility in Romania rests with the **Romanian Court of Accounts**. The accounts and operations of the NF and all CFCU/IAs may be as well audited at the EC discretion by an outside auditor without prejudice to the responsibilities of the EC and the European Court of Auditors. In addition, the Commission may conduct on-the-spot checks and inspections in accordance with the procedures laid down in the Council Regulation (Euratom, EC) No 2185/96. The controls and audits described above shall be applicable to all contractors and subcontractors who have received Community funds. (Guidelines for Implementation of the Phare Programme in Candidate Countries for the period 2000-2006, page 4)

### 3.2.5 Implementing Agencies/CFCU

The number of **Implementing Agencies (IAgs)** through which PHARE is implemented in each country under the authority of the NAO can vary (Guidelines for Implementation of the Phare Programme in Candidate Countries for the period 2000-2006, page 14). Central Finance and Contracting Units (CFCUs) are used in the accession countries to carry out the **tendering and contracting** of specific programmes addressing multiple sectors (Guidelines for Implementation of the Phare Programme in Candidate Countries for the period 2000-2006, page 15).

In Romania, the IAgs are basically responsible with the financial management and implementation of projects, i.e. **tendering, contracting**<sup>91</sup>, **paying, financial control, internal audit** of projects for and in the name of the Implementing Authorities (IAus) which are responsible solely for their technical management (PND 2004-6, 291). Currently, the three IAgs for Phare are:

1. **Central Finance and Contracting Unit (CFCU),**
2. **Ministry of European Integration/Ministry of Development, Public Works, and Housing (Phare ESC, part 1),**
3. **Ministry of Labour, Social Solidarity and Family/Ministry of Labour, Family and Equality of Chances (Phare ESC, part 2)**<sup>92</sup>

<sup>91</sup> Contracting EU funds has been done until 1<sup>st</sup> of January 2007 in accordance with PRAG, "Practical Guide to contract procedures financed from the General Budget of the European Communities in the context of external actions", beginning with the date of accession, the Romanian legislation regarding public procurement, GO 34/2006, already in place beginning with June 2006 and fully harmonised with the European legislation in the field, applies (see also May 2006 Monitoring Report on Romania, page 18).

<sup>92</sup> For Sapard funds the Sapard Agency is responsible with tendering, contracting, etc, while for ISPA, the CFCU acts as IAgs.

The latest two, together with the Implementing Authorities under their coordination, enjoy programming competencies; they are also responsible with the co-drafting of the project and sector Phare fiches, finalised and negotiated by the NAC with the European Commission.

The Implementing Agencies are headed by **Programme Authorising Officers (PAO)**, responsible for the functioning of the IAg and for the proper financial management of the projects under the IAg jurisdiction (GD 1011/1999, Annex 3, art.1). The PAOs are responsible for preventing *irregularities, overpayments and fraud*, detecting them (in particular through on-the-spot checks), for taking action against them and recovering the funds unduly paid due to irregularities or negligence. At the same time, the IAg assist the NAO with the elaboration of the necessary financial documentation which accompanies the NAO payment claims to the Commission: financial tables reflecting the contracted and paid amounts for each programme/component/project and the anticipated payments needs. (GD 1011/1999, Annex 3, art. 6).

If the CFCU is exclusively an IAg<sup>93</sup>, the other two ministries share the role of IAs for the projects under their responsibility. After 2007 the MIE/MDPWH and MLSSF/MLFEQ act as Managing Authorities of the Regional Operational Programme, respectively, Human Resources Development OP. The Phare, respectively ROP, programmes are managed within the MDPWH by two different general directorates, while the MLFEQ functions similarly to the NAC, one general directorate, respectively the MA of the HSD SOP is responsible with both Phare and SIs management and implementation. The CFCU remains a directorate general specialised in contracting and financial management activities, which will disappear when pre-accession programmes under its responsibility are closed.

<sup>93</sup> The CFCU was initially set up in order to assure the fiscal administration, accountancy and payment of (all) Phare funds in the name of the Romanian Government (GD 1011/1999, art.1). As the level and complexity of funding increased, the contracting function was shared among CFCU and other institutions. According to the GD 1011/1999, the competencies of CFCU are: **public procurement**: the CFCU receives the tenders dossiers from Implementing Authorities, assures their conformity with PRAG or GO 34/2006, launches the procurement process and coordinates the projects appraisal and selection process, from the point of view of procedures to be followed; **contracting**: once a bid ranks the first after the appraisal process, the CFCU prepares and signs the contract with the company selected to carry out the services, works or investments involved. Before EDIS was granted, the contract was endorsed also by the European Commission/its Delegation; **accountancy**: maintaining the accountancy system, registering appropriately all payments at programme, project, contract level; **payments**: carrying out payments on time and correctly; the CFCU receives and verifies payments claims from contractors and requests their endorsement by the IAus; **reporting**: elaborating and disseminating to all stakeholders monthly reports regarding the financial situation of each programme; **Phare account**: operating a separate bank account for each programme, preparing the **requests for advance payments** to the Commission; training; audit: supports the audit missions organised for CFCU by national or European authorised institutions.

### 3.2.6 Implementing Authorities

If the Implementing Agencies are responsible for the projects financial management and implementation, the management of the technical implementation<sup>94</sup>, i.e. project/programme selection, management, monitoring falls entirely under the responsibility of the **Implementing Authorities**. (Guidelines for Implementation of the Phare Programme in Candidate Countries for the period 2000-2006, page 15).

As in other Phare countries, in Romania the IAs are headed by a **Senior Programme Officer (SPO)**, an official within the IAs responsible with the technical implementation of programmes/projects (GD 1011/1999, Annex 3, art.1).

According to the GD 1011/1999, Annex 1, the responsibilities of the Implementing Authorities are:

<p><b>PROGRAMMING</b></p> <ul style="list-style-type: none"><li>○ identifying, programming and detailing programmes and projects, based on the priorities identified (see above “Programming”);</li></ul> <p><b>IMPLEMENTATION</b></p> <ul style="list-style-type: none"><li>○ implementing from technical point of view the projects on time and appropriately;</li><li>○ providing (to the IAGs) information regarding the projects implementation state of art, on a regular basis</li><li>○ managing the projects and the corresponding contract</li><li>○ reporting (to the IAGs) on future public procurement and bids evaluations; elaborating the tender dossiers, appraising and selection of the offers;</li></ul> <p><b>MONITORING</b></p> <ul style="list-style-type: none"><li>○ Preparing the monitoring reports</li></ul> <p><b>EVALUATION</b></p> <ul style="list-style-type: none"><li>○ Contributing to the evaluation exercises related to the Phare projects under their jurisdiction</li></ul> <p><b>FINANCIAL MANAGEMENT</b></p> <ul style="list-style-type: none"><li>○ Approving the invoices submitted by contractors, before their transmittal to the IAG for payment</li></ul>
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As we see in the Annexes 3, 4, 5, and 6, the role of Implementing Authorities is assumed in most cases by the beneficiaries of the programmes/projects, or by their coordinators. These are mostly central government institutions, with some exceptions, where IAs are located at regional level, i.e. the Regional Development Agencies.

**Table 4. Institutions involved in the management and implementation of the Phare National Programme**

<sup>94</sup> The project management per se is conducted within *Project Implementation Units*, directions within the particular institution.

FUNCTION/LEVEL	INSTITUTIONS INVOLVED
<p>COORDINATION/ NATIONAL</p> <p><b>COORDINATION/ NATIONAL</b></p>	<p>EUROPEAN COMMISSION/DELEGATION/REPRESENTATION</p> <p>NATIONAL AID COORDINATOR</p> <p>NATIONAL AUTHORIZING OFFICER</p> <p>} <u>MINISTRY OF ECONOMY AND FINANCE</u></p> <p>NATIONAL STEERING COMMITTEES</p>
<p>MANAGEMENT /NATIONAL</p> <p><b>MANAGEMENT /NATIONAL</b></p>	<p>IMPLEMENTING AGENCIES</p> <p><b>MINISTRY OF DEVELOPMENT, PUBLIC WORKS AND HOUSING</b></p> <p><b>MINISTRY OF LABOUR, FAMILY AND EQUAL OPPORTUNITIES</b></p> <p><b>CENTRAL FINANCE AND CONTRACTING UNIT (MEF)</b></p>
<p>IMPLEMENTATION</p> <p><b>IMPLEMENTATION &amp;REGIONAL</b></p> <p><b>NATIONAL &amp;REGIONAL</b></p>	<p>IMPLEMENTING AUTHORITIES</p> <p><b>MINISTRY OF DEVELOPMENT, PUBLIC WORKS AND HOUSING</b></p> <p><b>MINISTRY OF LABOUR, FAMILY AND EQUAL OPPORTUNITIES</b></p> <p><b><u>REGIONAL DEVELOPMENT AGENCIES</u></b></p> <p><b>NATIONAL AGENCY FOR EMPLOYMENT</b></p> <p><b>MINISTRY OF EDUCATION, RESEARCH AND YOUTH</b></p> <p><b>NATIONAL AGENCY FOR SMALL AND MEDIUM ENTERPRISES AND COOPERATION</b></p> <p><b>MINISTRY OF ECONOMY AND FINANCES</b></p> <p><b>MINISTRY OF TRANSPORT</b></p> <p><b>MINISTRY OF ENVIRONMENT AND SUSTAINABLE DEVELOPMENT</b></p> <p><b>ETC.!!!</b></p>
<p>Horizontal functions MONITORING CONTROL</p> <p><b>Horizontal functions MONITORING CONTROL</b></p>	<p><b>JOINT MONITORING COMMITTEE</b></p> <p><b>AUDIT AUTHORITY</b></p> <p><b>OLAF</b></p>

#### 4 Phare Economic and Social Cohesion (ESC) Component

As presented in the first part of this chapter, the Phare ESC programmes subscribe as well to the classification made for the Phare National Programmes:

1. Between **1998-9** limited amounts were deployed in the framework of this component; the funds were mainly directed at institutional building of the RDAs and NARD;

2. Most of **2000-2003 Phare** projects are implemented, as their contract execution dead-line according to Financial Memoranda and their addendums are passed (end of 2006/2007). *In terms of “lessons learned”, they are the most relevant for the SIs programming and especially implementation arrangements.*

3. **Phare 2004-6 multi-annual programme** comes as the closest to the future structural instruments to be implemented, in terms of programming, type of interventions and institutional arrangements. As most of the projects financed under Phare 2005 were contracted in 2007, and in 2008 only the projects financed under Phare 2004 are in the process of being implemented, their impact on the structural instruments management and implementation system is rather limited<sup>95</sup>.

As a result of the governmental restructuring and of the European Commission suggestions, the institutional arrangements in place for the implementation of regional policy have suffered numerous changes in this timeframe. Regional development/Phare ESC competencies passed from the National Agency of Regional Development to Ministry of Development and Forecasting and further to the Ministry of Integration renamed, in 2007, Ministry of Development, Public Works and Housing<sup>96</sup>. Nevertheless, despite the changes in the system, the final responsibility of Phare ESC

<sup>95</sup> An example is the Phare 2004 programme, implementing a Training Strategy 2007-2013 for Structural Instruments implementation, launched only on 26<sup>th</sup> of April 2007.

<http://www.mie.ro/stiri.php?s=332>, downloaded 13.05.2007, 12.30

<sup>96</sup> See Annex 1 for an over view of these institutional changes.



and the decision-making power relevant to this policy field/programme have remained permanently at *national level*, and, consequently, the RDAs' position hasn't been strengthened through transferring more competencies from the central institutions; nevertheless, their expertise increased as a result of the institutional building activities they took part in and through practical implementation activities they carried out.

*As already mentioned, the Ministry for European Integration/Ministry of Development, Public Works and Housing played in 2003-2004 both the role of National Aid Coordinator and Implementing Agency and Authority for Phare ESC, fulfilling the tasks related to the elaboration of National Development Plan, programming function for both National Phare Programme and Phare ESC, and implementation of Phare Economic and Social Cohesion.*

As a result of the negotiations with the European Commission, the reorganisation of the institutional arrangements for implementing Phare programme and preparing for Structural Instruments lead to the transfer of the NAC function from MEI to Ministry of Public Finances/Ministry of Economy and Finance. The Ministry of European Integration remained, together with the Ministry of Labour, Family and Equality of Chances, Implementing Agencies and Authorities for Phare Economic and Social Cohesion Component, and further, Managing Authorities for the Regional Operational Programme and Human Resources Development OP 2007-2013.

## **4.1 Phare 1998 and 1999 Economic and Social Cohesion Components**

### **4.1.1 Short Description**

In the first years after the re-orientation of the Pre-accession aid towards directly assisting the candidate countries in preparing for the EU membership, more importance was given to institution building in the field of regional development, as the Romanian NUTS II regions and the regional institution involved in the funds implementation had to be created from scratch.

The aim of the 1998 programme was “the establishment, in accordance with the objective defined in the Accession Partnership, of a comprehensive framework for regional development incorporating policy, legislation and instruments, together with

the administrative capacity to manage ISPA, SAPARD and Phare in an Objective 1 context.” (Financing Memorandum 1998, page 1)<sup>97</sup>.

By the time of the signing of the 1998 Financial Agreement, the Law on Regional Development no. 151/1998 was drafted and was waiting for Parliament approval. The 1997 and 1998 Institution Building Phare programmes relevant to Regional Development Structures were most probable implemented simultaneously.

Phare 1998 concentrated on three axes<sup>98</sup>:

1. **Regional Development Support** aimed to provide “Objective 1”-type support through a number of regional and sectoral programmes; investments made under this component were targeted at industrial restructuring and human resources;
2. **ISPA Project Preparation Facility** (preparation of projects in environment, transport infrastructure with technical assistance);
3. **Special Preparatory Programme (SPP)** (technical assistance concentrated on institutional building, especially future SAPARD).

Phare 1999 had the lowest budget among all national Phare programmes (50.2 MEuro). The sub-programme Economic and Social Cohesion concentrated on unemployment issues, as its main objective was “to address unemployment in Romania in a systematic way by establishing a National Action Plan for Employment and by improving the ability of the employment and education institutions to respond to labour market needs.” (Project Fiche RO 9908.01, 1<sup>99</sup>). The Plan was meant to provide the policy framework for European Social Fund-type measures to be implemented in the context of regional development programmes in Romania (Financing Memorandum 1999, page 11).

#### 4.1.2 Implementing Arrangements

In these two years the institutions created for the implementation of the Phare ESC were mainly involved in capacity building activities; they were supported in managing the investments made under the programme by external experts, as a first exercise for the implementation of the more complex Phare ESC programmes to come.

<sup>97</sup> This programme was preceded, nevertheless, by the Phare 1997 **Regional Development Institution Building Programme (RDIBP)** (1.5 MEURO), aimed to establish and ensure the first year’s operation of the National Agency for Regional Development, and to assist with the creation of Regional Development Agencies. The same programme facilitated the design of the 8 regional development plans and of the first National Development Plan. See Sector Fiche Regional Development <http://www.caravanafs.ccina.ro/PDF/DPR/dpr26.pdf>, page 13

<sup>98</sup> As only beginning with 2000 ISPA and SAPARD will become separate instruments, Phare 1998 and 1999 cover also preparatory measures for their implementation.

<sup>99</sup> [http://www.europa.eu.int/comm/enlargement/fiche\\_projet/document/ro9908-01-employment.pdf](http://www.europa.eu.int/comm/enlargement/fiche_projet/document/ro9908-01-employment.pdf)

The National Agency for Regional Development, acting on the basis of the Law on Regional Development 151/1998 fulfilled the role of Implementing Agency for the ESC Component until **2001**, when the NARD became a part of the newly created Ministry of Development and Prognosis. The National Board of Regional Development supposed to play, according to the Law no. 151/1998, an essential, decision-making position in implementing the regional development policy. Nevertheless, its involvement has been very limited in this process (see further)<sup>100</sup>.

The National Agency for Regional Development was not involved in the implementation of Phare 1999 ESC, as the Ministry of Labour and Social Protection, in charge with the drafting of the National Action Plan for Employment, was responsible with the technical management of the programme, as Implementing Authority, while the CFCU took care of the financial and contractual matters, as Implementing Agency. (Project Fiche RO 9908.01, 5).

## **4.2 Phare 2000-2003 Economic and Social Cohesion Components**

### **4.2.1 Short description of the four sub-programmes**

Between 2000 and 2003 the same approach was applied to the Phare ESC Component: *investment* measures were adjoined by *institutional building* projects, in the form of technical assistance<sup>101</sup> or twinning<sup>102</sup>, to directly support the central, regional and local public institutions with the implementation work related to ESC investments, i.e. the National Agency of Regional Development/Ministry of Development and Prognosis, Ministry of Education and Research, Ministry of Tourism, Ministry of Small and Medium-Sized Enterprises and Co-operatives, Ministry of Labour and Social Solidarity, Regional Development Agencies etc.

**Phare 2000** Economic and Social Cohesion had two major parts: the first part, a large **Twinning** programme, supported the Romanian government, i.e. National Agency of Regional Development and the RDAs to strengthen their institutional capacity for the

<sup>100</sup> This aspect has been confirmed by most of the interviewed representatives of the RDAs and MEI.

<sup>101</sup> Operational or/and management assistance given to institutions responsible with the adoption and implementation of *acquis communautaire* and/or management of EU-funded projects by team of experts (on the private market), selected after a public procurement procedure.

<sup>102</sup> [http://ec.europa.eu/enlargement/financial\\_assistance/institution\\_building/index\\_en.htm](http://ec.europa.eu/enlargement/financial_assistance/institution_building/index_en.htm): Twinning projects involve the secondment of EU experts, known as Resident Twinning Advisors (RTA) to the acceding, candidate and potential candidate countries on specific projects. The RTAs are made available for a period of at least one year to work on a project in the corresponding Ministry in the beneficiary country. They are supported by a senior Project Leader in their Member State home administration, who is responsible for ensuring project implementation and co-ordination of input from the Member State.

implementation of an integrated regional development policy in line with the provisions of the National Development Plan (NDP) adopted within the context of the pre-accession process (Project Fiche Phare RO-0007.01, 1).

The second part of the Phare 2000 Economic and Social Cohesion represented a regional development plan “in micro”, practically the first “predecessor” of the Regional Operational Programme. 75 MEuro were invested through this sub-programme in four priority areas (sub-components):

- A. Human Resources Development in the context of industrial restructuring***
- B. Assistance to small and medium sized enterprises***
- C. Local and regional infrastructures.***
- D. Awareness Campaign, Selection, Monitoring, Supervision and Evaluation***

*Source: Project Fiche 2000, RO-0007.02, page 1*

These priority areas were preserved next year, while also a social services investment scheme was financed with Phare 2001<sup>103</sup> funds:

- A. Assistance to small and medium sized enterprises***
- B. Technical and Vocational Education and Training (TVET)***
- C. Social Services investment scheme***
- D. Regional/large-scale infrastructure***
- E. Small-scale local infrastructure scheme***
- F. Awareness Campaign, Projects Appraisal and Selection, Monitoring and Evaluation***

*Source: Project Fiche 2001, RO-0108.03, page 1*

Phare ESC 2002 investments are more streamlined and focused on urban and business infrastructure, further than vocational education and human resources:

- A. Technical and Vocational Education and Training (TVET)***
- B. Human Resources Development***
- C. Regional/large-scale infrastructure***
  - C.1 Business-related Regional infrastructure***
  - C.2 Small and Medium Towns Infrastructure Development Programme (SAMTID)***
- D. Awareness Campaign, Selection, Monitoring and Site Supervision (Technical Assistance)***

*Source: Standard Project Fiche, 2002, RO-2002/000-586.05.02, page 1*

<sup>103</sup> For the first time in 2001 the ESC sub-programme concentrates on 11 priority zones/target areas (see the table below). This concentration was necessary, as the discrepancies between the NUTS II regions were not that high, compared with the ones **inside the regions**. In each NUTS II region exists more and less developed areas, while the NUTS II regions have approximately the same level of development. The 11 target areas shared two characteristics: undergo the negative impact of industrial restructuring on one side, but have economic growth potential on the other side. The localities selected in these areas, according to GD 399/2001 are only urban localities (sic!). The overlapping with SAPARD and ISPA is avoided, rural and large, national-wide infrastructure projects being financed through these two last instruments.

Phare 2002 facilitates the pilot phase of SAMTID, a very complex multi-annual programme, financed from various sources, i.e. local public and central budget, international financial institutions (IFIs) and Phare funds, dedicated to water and wastewater services provision in small and medium towns. The programme was managed by the Ministry of Public Administration, in collaboration with the wide range of actors, in the framework of a Steering Committee<sup>104</sup>.

In 2003, Phare ESC focused again, as in 2001, on SMSEs, next to the same objectives as in the previous year: TVET, Human Resources and Infrastructure, i.e. project which are not financed under ISPA. The SAMTID programme continued as well. A sub-programme on waste management targets the small and medium communities and assists them in reaching the European standards in the field:

- A. Technical and Vocational Education and Training (TVET)***
- B. Human resources development***
- C. Small-scale waste management investment scheme***
- D. Large-scale infrastructure***
  - D.1 Regional and local infrastructure***
  - D.2 Small and Medium Towns Infrastructure Development Programme (SAMTID)***
- E. Small and Medium Sized Enterprises Support Grant Scheme***
- F. Awareness Campaign, Selection, Monitoring and Site Supervision***

*Source: Standard Project Fiche, 2003, RO-2003/005-551.05.03, pages 1-2*

<sup>104</sup> In the case of the SAMTID programme, the Ministry of Public Administration is the Coordinating Body for the overall SAMTID program, including loan and grant components<sup>104</sup>. In 2003 the roles of each institution involved in the management and implementation of the programme are clarified. The Ministry of Development and Prognosis will be the Implementing Agency for the Phare financed component for investments, including the 25 percent co-financing from the National Fund. In this position, it serves as the Contracting Authority and Paying Agency for Phare resources; ensure that the objectives of this proposal for Phare resources are met; participate in the SAMTID Steering Committee, elaborate the selection and implementation procedures in accordance with the guidelines set by the European Union; report to National Board for Regional Development and EC Delegation on the stage of implementation of the programme; arrange framework agreements with Regional Development Agencies that will ensure public awareness of the program, monitor the implementation of the projects, evaluate project performance and report to the Regional Development Board, MoPA and MDP, conclude framework agreements with each beneficiary for the management of Phare financed work contract. The established structure delegates considerable autonomy on investment decisions to Regional Development Agencies as Implementing Authorities for the Phare grant component. The implementation of this component should build on the previous relevant RDAs experience achieved during the implementation of the Phare 2000 and 2001 regional and local infrastructure components. Regional Development Agencies will keep their important role in promoting SAMTID, sharing information and guiding the potential beneficiaries. Regional Development Agencies (RDAs) /Regional Development Boards (RDBs) and regional offices of national regulator will take part in the pre-screening process with support of technical assistance. RDBs and/or RDAs representatives will participate also in the final national selection of the pilot projects. (see the Source: Project Fiches, Phare ESC, investment component, 2001, 2002, 2003)

Although the principle of multi-annual programming was not applied between 2000 and 2003, the continuity and coherence of the Phare ESC 2000-3 priorities is obvious. Measures planned are built up on the previous programme and thought to complete and bring added values to investments already made in the respective domains.

#### **4.2.2 Implementing arrangements**

In accordance with the dead-lines laid down in the 2004 Financing Memorandum, the Phare 2004 ESC projects had to be contracted until the end of the year 2006, November; consequently, the implementation of most of them began in 2007, process which needs to be rounded up by the end of 2008. Therefore, at the key-moment 1<sup>st</sup> of January 2007, the *Phare ESC 2000-2003 programme and projects represented the bulk of EU regional development policy-like measures implemented in Romania, having a real impact on the design of the future regional development policy and on the expertise of the institutions in place for its management and implementation.*

For Phare ESC 2000-2003 most of the *Institutional Building* projects were initially contracted by the CFCU/Ministry of Finances as Implementing Agency, the beneficiary institutions being in charge with their technical implementation, as Implementing Authorities: Ministry of Development and Forecast, Ministry of SMEs and Cooperation, Ministry of Education and Research, Ministry of Tourism etc. Beginning with 2002, the CFCU acted as Contracting Authority only for the Twinning contracts under the ESC, as National Twinning Contact point (see also Financing Memorandum 2003, pag. 62).

For *investments* in Economic and Social Cohesion, the NARD/MDP/MEI acted as Implementing Agency<sup>105</sup>, with all the competencies and relational obligations towards the National Aid Coordinator, National Authorising Officer, European Commission and its Delegation described in the first part of this chapter.

<sup>105</sup> As we will see later, the Ministry of Labour, Social Solidarity and Family became Implementing Agency beginning with Phare 2004. This is/might be one of the reasons for which it was also granted EDIS a few months later than CFCU and Ministry of European Integration/Ministry of Development, Public Works and Housing.

#### 4.2.2.1. National Level of the management and implementation system of Phare 2000-3

##### The Implementing Agency

For the Phare programmes 2000-2003, the Implementing Agency changed its location in accordance with the governmental restructurings carried out in this timeframe, from the National Agency of Regional Development, through the Ministry of Development and Forecast, to the Ministry of European Integration/Ministry of Development, Public Works and Housing. The ***centrality*** of the IAg location, i.e. at ministerial level, is salient. The same goes for the fact that the competencies of the IAg do not suffer major changes in this period, being subscribed to the general institutional arrangements set up for the management of Phare programmes.

The NARD/MDP/MIE(MDPWH) bore the final responsibility of the management of the programme, especially with the financial circuit. In order to fulfil its obligations, the IAg ***elaborated the selection and implementation procedures in accordance with the guidelines set by the European Union***; bore the overall responsibility for **monitoring** and **evaluation** of the programme and components<sup>106</sup>; ***contracted***<sup>107</sup> the selected projects; acted as ***paying agency***, i.e. making the necessary payments towards the IAus; carried out the ***financial control***; ensured ***the link with the National Fund*** and with the ***RDAs***; ***reported*** to National Board for Regional Development and EC Delegation regarding the stage of implementation of the programme, ***coordinated the establishment*** of and ***chaired*** the National Steering Committees (see further) set up for each sub-component of the project.<sup>108</sup> The IAg was also responsible with the ***project identification*** (for large projects) and ***programming*** of

<sup>106</sup> As input into the monitoring and evaluation activity carried out actually at NAC and European Commission/its Delegation level, as described in the first part of this chapter.

<sup>107</sup> The issue of contracting is rather complex. For the projects and grant schemes managed regionally by the RDAs, these bodies organise the project evaluation and selection process and they conclude the contract with the beneficiaries. Nevertheless, the final approval and endorsement of the projects selected has been done at central level as well, the third signature on all the contracts under Phare ESC being the one of the NARD/MDP/MIE(MDPWH). At the same time, as seen further, major infrastructure, and later on (beginning with 2003), human resources projects are pre-approved by the National Board for Regional Development and the project evaluation and contracting process are carried out at IAg level.

<sup>108</sup> As stipulated in the Standard Project Fiches, 2000-3 [http://www.europa.eu.int/comm/enlargement/fiche\\_projet/document/ro-0007-02\\_regional\\_development.pdf](http://www.europa.eu.int/comm/enlargement/fiche_projet/document/ro-0007-02_regional_development.pdf)

Phare ESC and with providing the Implementing Authorities with all appropriate support to ensure that they fulfil their task properly.

As the elaboration of the National Development Plan 2002-2005 was a more complex exercise than the previous one (NDP 2000-2002), the MEI became responsible also with the overall co-ordination between governmental strategies, policies and programmes (National Development Plan) and the regional level (Regional Development Plans).

### **The National Regional Development Board**

According to the, than in force, Law on Regional Development, No. 151/1998<sup>109</sup>, the *National Board for Regional Development* represents the highest, strategic, decision-making body for regional development policy, as it was meant to be presided by the prime-minister<sup>110</sup>.

According to art. 11 of the abovementioned law, the NBRD approves the *national strategy for regional development and the national programme for regional development*, presents to the Government proposals for the composition of the National Fund for Regional Development, approves the *criteria, priorities and allocation* mechanisms of the NFRD, *monitors* the appropriation of the funds allocated to the RDAs from the NFRD, pursue the regional development goals, including the external cooperation of development regions, i.e. cross-border and interregional.

In practice, and as shown by the programming documents for Phare ESC and the information available of the web-page of the MIE/MDPWH, the NBRD fulfils two major roles: it *approves the procedures* for projects selection, implementation and monitoring of the selected projects, procedures also endorsed by the EC Delegation and it endorses *the list of large Human Resources Development and infrastructure projects* that have been identified during the programming phase and enlisted in the agreements, i.e. Financing Memoranda, with the European Commission.

The only meeting of the NBRD mentioned on the web-page of MIE/MDPWH took place *on 9<sup>th</sup> of August 2005*. The agenda concentrated on issues correlated with

<sup>109</sup> The new Law on Regional Development, 315/2004, applies for the Phare programmes 2004-6.

<sup>110</sup> See chapter 2 for background information regarding the composition and competences of the NBRD, as provided for by the Law 315/2004.



Phare ESC 2004-6, but, at the same time, the list of infrastructure projects to be financed by Phare 2003 was approved<sup>111</sup>.

As repeatedly underlined, although the NBRD was projected initially as the highest, strategic, body for pursuing the goal of regional development in Romania, it ended up by playing a formal role in the management of Phare, and did not go beyond this in stimulating and promoting a “regional approach” to socio-economic development in Romania. This conclusion was confirmed also by the discussion with Mrs. Pompilia Idu, director of the Programme Monitoring and Evaluation Direction within the DG Regional Development, Phare Funds (see Annex 11, Interview 2008 Mrs. P. IDU). The NBRD met more often at the beginning of the years 2000, as the National Development Plan, the overarching, strategic document only for the Phare ESC Component, needed its approval. In the last years, the NBRD convened to the extent this was necessary and parallel institutions, e.g. the National Coordination Committee for the SIs preparation (see chapter VI), of the Phare National Steering Committee (see further), gradually took over its attributions, as the same institutions, at least at central level, are represented in these committees as well. This gradual evolution proves also that the NBRD sphere of activity was limited to management of EU regional development funds as such, but it did not go beyond this formal competency, towards promoting genuine regional development in Romania.

### **The National Steering Committee**

According to the Financial Memoranda 2000-2003, a National Steering Committee, was set up in 2000<sup>112</sup> in order to support the implementation of the programme. The purpose of the **Phare ESC Steering Committee** was to ensure *inter-ministerial co-ordination* in the programming, implementation, monitoring and evaluation of Phare ESC programmes. The National Steering Committee had a *participative/consultative* role, offering advice for the selection and implementation of the projects, securing that the actions implemented under the Economic and Social Cohesion Phare 2000 are in line with the National Development Plan and other relevant strategies, giving advice and information to identify financing sources for projects and on strategic directions to be taken in the Programme as a result of evaluation findings.

<sup>111</sup> See above the issue of contracting and implementation dead-lines set up in the Financial Memoranda.

<sup>112</sup> And it became fully operational in the following year, in 2001.

The members of the Steering Committees participate in the monitoring and in the ex-post evaluation of the programme, as well.

The composition of the NSC changes in order to mirror the institutional system in place for managing Phare ESC: representatives of the Ministry of Development and Prognosis/MEI, RDAs, Ministry of SMEs and Co-operation, Ministry of Education and Research, Ministry of Labour and Social Solidarity, Ministry of Public Works, Transport and Dwellings, National Administration of Roads, the Ministry of Water and Environment Protection, National Centre for Vocational and Technical Education Development, Ministry of Youth and Sport, EC Delegation and other relevant stakeholders identified at the national level for each component.

As its secretariat, the MDP/MIE undertook all the necessary administrative tasks connected with the activity of the SC. According to the newly, in March 2003 adopted Regulation for its Organization and Functioning, the Phare ESC Steering Committee was meant to serve as the basis for the future *Monitoring Committee* under Structural Funds, as it was given the competency to approve the procedures for projects selection, implementation and monitoring of the financed projects, and the list of human resources projects, SMEs support and of small-scale waste management projects selected at regional level.

As we can see the National Steering Committee is one of the parallel institutions which shadowed the activity of the National Board of Regional Development. Nevertheless, although this NSC did constitute the base for the ROP Monitoring Committee, Mrs. Pompilia Idu, director of the Programme Monitoring and Evaluation Direction within the DG Regional Development, Phare Funds (see Annex 11, Interview 2008 Mrs. P. IDU) underlines the fact that the Committee, as institution, became unattractive for its members, as it did not enjoy decision-making power; for the Phare 2004-6 the NSC was not convened at all, despite the fact that the PPD 2004-6 mentions the committee as a significant institution in the Phare ESC delivery system.

The NSC had three *Phare ESC Steering Sub-Committees*: for Human Resource Development, Infrastructure and Business development, especially SMEs; in the first two cases, Human Resources Development and Infrastructure, these sub-committees met with significant success, and constituted the basis for the Monitoring Committees of the succeeding OPs. In the third case the National Agency for SMSEs and Cooperation had its own committee supervising all programmes for the SMSE implemented in Romania, and the Phare investments were included on the agenda of this committee.

#### 4.2.2.2. Regional Level of the management and implementation system of Phare 2000-3

##### Regional Development Agencies

The eight RDAs<sup>113</sup> acted as Implementing Authorities for most of the sub-components of Phare ESC 2000-3<sup>114</sup> (see the Annexes 3, 4, 5 and 6). According to the Financing Memoranda 2000-3, they bore the *overall responsibility* for *implementation and monitoring* of the projects unfolding in their region; they *chaired* the Regional Steering Committee; accomplished the tasks regarding the *project evaluation* reports and *invoices*<sup>115</sup> and ensured the link with National Agency for Regional Development/MDP/MEI; *reported* to Regional Development Board and the Implementing Agency (NARD/MDP/MEI) the stage of implementation of the programme<sup>116</sup>.

After 2000 the controversial financial situation of the RDAs was resolved<sup>117</sup>. A service contract between MDP and each RDA sets up specific both tasks and responsibilities for RDAs, and indicators of achievement and reporting obligations. This contributed to the financial sustainability of the RDAs, ensuring also a better control of the implementation of projects.

<sup>113</sup>See chapter 2 for background information regarding the composition and activities of the RDAs, in accordance with the Romanian legislation in place.

<sup>114</sup> for all of them in the case of Phare 2000 (Standard Summary Project Fiche Phare ESC investment 2000, page 24-5)

<sup>115</sup> As mentioned in the first sub-chapter, the RDAs (as the other IAs) need to endorse the invoices before sending them to the IAg/MEI for payment.

<sup>116</sup> In 2001 the Regional Development Agencies act as Implementing Authorities for three sub-components out of 6: A. Assistance to small and medium sized enterprises, C. Social Services investment scheme and E. Small-scale local infrastructure scheme. They share this responsibility in two other sub-components with the Ministry of Education and Research (B-measure, TVET) and with the National Authority for Roads (D-measure, Regional/large scale infrastructure). The MDP implements the F-measure, the technical assistance. In 2002 the Regional Development Agencies had a more limited role, as they acted as Implementing Authorities only for the sub-component B, Human resources, and shared this role with the National Authority for Roads for the C1 sub-component, i.e. Regional infrastructure and with the MDP as regards the D sub-component, technical assistance. As in the previous year, the 8 Regional Development Agencies acted in 2003 as Implementing Authorities for the sub-components: Small scale waste management investment scheme, (4 million €) and D1, Regional infrastructure (36 million €). They share this role with the MIE in the F, technical assistance sub-component (5.6 Million €). In total the RDAs are directly responsible for the implementation of 40+5.6 million €, approximately 50% of the Phare funds for 2003 ESC Investment (92.505 mil euro). They also play an indirect role in the implementation of the other components of the INV sub-programme.

<sup>117</sup> As mentioned before, initially the RDAs supposed to be financed by the local authorities in the regions. As not all of them could or were willing, i.e. as not all of them received approval for their projects, to support the functioning of the RDAs, the government took the decision to renounce at this mechanism.

As regards *the technical and financial appraisal of grant applications*, at this task the RDAs are assisted by *Regional Selection Committees*, approved by the Regional Development Board. In accordance to the FMa and Project Fiches for Phare ESC investments 2001-3, the Regional Selection Committee comprises one or more experts agreed by EC Delegation, as independent voting members, and compulsory members from line ministries and MDP/MEI (as IAg for Phare ESC). The Ministry of European Integration (as NAC) and the EC Delegation may also participate in the Regional Selection Committee as observers. The projects evaluation reports were submitted to the Ministry of Development and Prognosis/MEI and endorsed by the EC Delegation. The list of the selected projects was approved by the Regional Development Board and the National Board for Regional Development, (if it was the case), and endorsed by the Delegation of the European Commission.

### **Regional Development Boards**

The Regional Development Boards<sup>118</sup> *approve the specific objectives and priorities* in the target areas and the projects lists prepared by the RDAs, with the exception of the large infrastructure projects, which need the approval of the NBRD as well<sup>119</sup>.

The RDBs also *appoint* the Regional Selection Committee. They also approve *the supplementary selection criteria*; the *weightings* of selection criteria and *the list of projects* under B, C and E components<sup>120</sup>; *endorse the TVET schools* and resource *centres* selected at regional level and the *infrastructure projects* to be financed under the Economic and Social Cohesion programme (FM 2003, 50).

<sup>118</sup>See chapter 2 for background information regarding the composition and activities of the RDBs, in accordance with the Romanian legislation in place.

<sup>119</sup> As mentioned before, also the MIE endorses all contracts signed at regional level

<sup>120</sup> Practically the RDBs have jurisdiction on the components implemented by the RDAs, as emphasised also by representatives of the Ministry of European Integration/MDPWH (see Annex 11, Interview 2008 Mrs. P. IDU)

## **4.3 The Phare Economic and Social Cohesion Programme 2004-2006**

### **4.3.1 Short Description of the Programme**

The Phare Programming Document for Economic and Social Cohesion 2004-2006 (PPD)<sup>121</sup> reveals the progress the Romanian institutions in charge with the management of the pre-accession aid have made along the years in terms of programming. This progress is even more visible taking a look at the yearly sectoral fiches of the ESC component. Nevertheless, the same yearly fiches reveal the fact that, even if programming was done multi-annually for the 2004-2006 period, implementation still takes place on a yearly basis, as the same system of yearly Financial Memorandum and contracting and executing dead-lines for each year is applied.

The PPD 2004-6 clearly tries to bridge between pre-accession and post-accession as regards both investments and technical assistance/twinning. Structural funds terminology is used to a certain extent, with the same purpose, e.g. “measures”, “implementing bodies”.

The Phare ESC 2004-6 priorities build up on the previous programmes and take into account the future operational programmes through which structural instruments are implemented:

- A. Improving regional infrastructure to support economic development*
- B. Human Resource Development*
- C. Developing the productive sector through support to SMEs*
- D. Environmental protection at regional level*
- E. Regional development policy design and implementation*

The last priority represents the TA/Institution Building component, horizontal priority helping the involved institutions to strengthen their managing and implementing capacity for the Structural Instruments.

We need to underline the fact that the “learning effect” initially aimed at through the Phare ESC *implementation* is limited. Practically, elaborating most of the Operational Programmes 2007-2013 started in 2004, very close after the finalisation of Phare ESC Multi-Annual Programming Document (2004-6). The implementation of Phare ESC started late; Phare 2004 programmes were contracted to a large extend only

<sup>121</sup> See [http://europa.eu.int/comm/enlargement/fiche\\_projet/document/2004-016-772.04%20Economic%20and%20social%20cohesion.pdf](http://europa.eu.int/comm/enlargement/fiche_projet/document/2004-016-772.04%20Economic%20and%20social%20cohesion.pdf)

in 2006<sup>122</sup>, and their implementation unfolds along the years 2007 and 2008. The same is valid for the Phare 2005 projects, contracted mostly in 2007, in a difficult context, i.e. EDIS was awarded, the Romanian public procurement legislation, and not PRAG, was applied for the first time to the contracting procedures and the sums to be contracted increased considerably. In some cases, e.g. Regional Operational Programme, a limited number of staff involved in its preparation were previously involved in Phare management and implementation, as the two issues are addressed by two different DGs within the Ministry. In other Ministries, i.e. Ministry of Labour, Family and Equality of Opportunities, the management of remaining Phare projects is done in the framework of the Managing Authorities, this organisation assuring, theoretically, a smoother transfer of knowledge, from Phare to structural instruments.

#### **4.3.2 Implementing arrangements<sup>123</sup>:**

Considering the continuity of priorities and measures financed in the framework of Phare ESC, with slight differences the same institutions are involved in the implementation of Phare ESC 2004-2006, the institutions intended to become Managing Authorities and Intermediate Bodies for SIs (see Annex no. 6). The setting up of a second Implementing Agency, i.e. Ministry of Labour, and the narrowing down of the RDAs competencies more or less to the fields they will be responsible for under the Regional Operational Programme are the most significant changes vis-à-vis the previous yearly programmes.

The Ministry of European Integration/Ministry of Development, Public Works and Housing continues to be Implementing Agency (Contracting Authority and Paying Agency) for Investment in Economic and Social Cohesion Programme (Priority A, a small part of Priority B, Priority C and D), with administrative and financial responsibilities.

As in the previous years, the main tasks of the Implementing Agency are:

#### **IMPLEMENTATION**

- *The overall responsibility for the **technical** and financial implementation* of the programme, ensuring that the objectives are met and that the selection procedures

<sup>122</sup> Late contracting of Phare 2004 projects was the reason for late signing of the 2005 Financial Memorandum (27<sup>th</sup> of July 2006), see [http://ec.europa.eu/enlargement/fiche\\_projet/document/2005%20-%2020017-553%20National%20Programme%20FA.pdf](http://ec.europa.eu/enlargement/fiche_projet/document/2005%20-%2020017-553%20National%20Programme%20FA.pdf)

<sup>123</sup> According to the SECTOR PROGRAMME FICHES PHARE 2004-2006 for ECONOMIC AND SOCIAL COHESION, sub-chapter 6.4. Implementing Tools

are efficient, clear and transparent.

- Elaborating the selection and implementation procedures in accordance with the guidelines set up by the European Union
- Nominate the evaluation committee and the assessors, in consultation with the implementing authorities and the relevant technical ministries. The experts will be nominated "ad personam" on the basis of their technical and professional expertise in the relevant area
- Conclude framework agreements with Implementing Authorities and provide them appropriate support to ensure that they achieve their task properly (templates and guides for (project) ex-ante evaluation, monitoring and (project) ex-post evaluation, common understanding of selection criteria and eligibility criteria, etc).
- Contracting the grants with the selected applicants.
- Coordinating and chairing the National Steering Committee and reporting to the National Board for Regional Development and the EC Delegation on the state of implementation of the programme.
- Supervise the activity of the Sub-Committees and reporting to the National Steering Committee.

#### **MONITORING and EVALUATION**

- The overall responsibility for monitoring and evaluation of the programme and sub-components

#### **FINANCIAL MANAGEMENT**

- Acting as paying agency and ensuring the link with the National Fund, RDAs/PIUs and with the contractors/grant beneficiaries

The second Implementing Agency is the Ministry of Labour, Social Solidarity and Family/Ministry of Labour, Family and Equality of Chances, which is also coordinating and chairing the Human Resource Development Steering Sub-Committee and is reporting to the National Steering Committee on the state of implementation of the measures under HRD priority. The CFCU is Implementing Authority of the last priority, E.

The Human Resource Development Steering Sub-Committee met for the first time in 2003, and intensified its activity in 2006, when it was transformed in the Monitoring Committee for the SOP Human Resources Development (see Annex 11, Interview 2008 Mrs. P. IDU).

*The National Regional Development Board plays the same role and enjoys the same competencies as for the previous Phare programme; the same is valid in the case of the Regional Development Boards and Agencies.*

At national level, the PPD 2004-6 continues to mention the *Phare ESC Steering Committee* as playing the same inter-ministerial coordinating and advisory role, chaired by the MDPWH. It supposed to include representatives of the institutions involved in

the programming, implementation, monitoring and evaluation of PHARE ESC<sup>124</sup>. As mentioned before, as this Committee didn't have decision-making power and the same competencies were allocated to other coordinating bodies, as well, it was not convened anymore for the 2004-6 period. Nevertheless, despite this gap, it did constitute the base for the Monitoring Committee of the ROP, which met twice in 2007, as "shadow" MC (before the programme was officially approved).

The new programming period presents also some peculiar elements. For the first (A) priority, i.e. regional infrastructure, the SIs approach is applied: each beneficiary is actually responsible with the technical implementation of the project, while the RDAs only "assist in implementation" (PPD, 2004, page 30). In the framework of the second (B) priority, i.e. HRD, with the exception of its fourth measure (TVET), the MIE and RDAs have a limited role, as expected after the setting up of the new Implementing Agency and the separate implementation system, i.e. the Programme Coordination Unit at ministerial level and the 8 Project Implementation Units at regional level. In this case the *National Agency for Employment*, acts as Implementing Authority for the B priority, measures a, b, c, under the Investment schemes while the *8 PIUs at regional level act as the intermediate bodies* responsible for the implementation of the HRD component, measures a, b, c, under the Investment schemes. For social services, the specialized directorate within *MoLSSF/MLFEQ* has been involved. National Agency for Employment and the 8 PIUs are the bodies responsible with the implementation of the strategies in employment and social policies; to strengthen the social dialogue bringing together all relevant actors, social partners, other interested bodies and nongovernmental organizations, in particularly in creating employment and ensuring employment opportunities for all; to put into practice the social protection measures to meet people's basic needs and promote access to social rights within the universal spirit of many conventions, recommendations and regulations, particularly in the field of employment, education and social services.

<sup>124</sup> MDPWH, RDAs, Ministry of Public Finances, National Agency for SMEs and Cooperation, Ministry of Education and Research, Ministry of Labour, Social Solidarity and Family, Ministry of Transport, Constructions and Tourism, National Administration of Roads, the Ministry of Agriculture, Forestry and rural Development, Ministry of Environment and Waters Management, Ministry of Economy and Trade, National Center for Vocational and Technical Education Development, Ministry of Administration and Interior, EC Delegation; other relevant institutional stakeholders and social partners, identified at the national level for each ESC component.



## **5 Role of the line ministries in the implementation of Phare Economic and Social Cohesion Component**

Several line ministries are involved in the implementation of Phare funds, as Implementing Authorities (see Annexes 3 to 6).

For the 2001 Phare ESC, together with the RDAs, the *Ministry of Education and Research* was IAU for B sub-component (TVET) and the *National Authority for Roads* was IA for D sub-component, Regional/large scale infrastructure. In the next year the Ministry of Education and Research fulfilled again the role of Implementing Authority for the equipment supply services contract of the TVET component. As the very complex *SAMTID* programme was launched in 2002, the Ministry of Public Administration, Coordinating Body for the overall SAMTID Program, assumed the responsibility of Implementing Authority for the municipal water infrastructures (C2 SAMTID). For the 2003 projects, the same line-ministries enjoy the same competencies for a series of sub-components: the Ministry of Education and Research (Component A, TVET), The Ministry of Public Administration (Component D2, SAMTID) and newly the *Ministry of Labour and Social Solidarity (component B, HRD)*.

For Phare 2004-2006, other national institutions, i.e. the National Agency for Employment (and its 8 regional offices which will act as regional IBs after 2007, see next chapter), the National Agency for SMEs and Cooperation (currently the Ministry of SMEs), the *Ministry of Environment and the Regional Agencies for Environmental Protection* are responsible with the technical implementation of different sub-components of the programme, as Implementing Authorities.

As a result, these institutions had the opportunity to built up their programming and implementation capacity in the process of implementing the Phare ESC Component. All these institutions are currently involved in the management and implementation of structural instruments as Managing Authorities or Intermediary Bodies. The only notable exception is the Ministry of Economy, beginning with 2007 combined with the Ministry of Finances in the Ministry of Economy and Finance, which is the MA of the one of the most significant Operational Programmes, i.e. SOP Competitiveness and which was not very much involved in the management and/or implementation of the European pre-accession funds.

*8 Regional Consortia* were set up for the Phare ESC 2001 TVET sub-component and they will be extended to the entire Human Resource Development sub-

component. In accordance with the Standard Summary Project Fiches for Phare ESC 2001, 2002 and the PPD 2004-2006, these consortia are *advisory bodies* representing institutions at the regional level, formed by Regional Development Agencies, which play a leading role, Local (County) Committees for Social Partnership Development in VET, County Councils, and the County School Inspectorates. They are mainly responsible with the identification of specialised didactic equipment to enable training relevant for regional development and of the HRD priorities, the identification of the HRD priorities; the development of the Regional Employment Action Plan, which includes the relevant employment priorities at regional level. Members of the Regional Consortia participate in the evaluation committees for HRD projects. As detailed in the next chapter, the RCs form, at least in some regions, e.g. North-West, the basis of the Regional Committees for Strategic Evaluation and Correlation (see page 158).

## **6 Analysis of the institutions involved and of their weight in each policy-making step identified**

The Phare National Programme proves very complex from the point of view of the myriad of institutions involved in its management and implementation and of the competencies allocation among all these institutions, especially when its budget is compared with the structural funds assigned to Romania for 2007-2013.

The Economic and Social Component of the Phare Programme has a life of its own. It is actually, comparable with the National Strategic Reference Framework, from the point of view of the strategic level, diversity of the priorities and institutions involved in its programming and implementation. Both documents are rooted in and substantiated by a National Development Plan (2004-2006, 2007-2013).

On the other side, the Phare ESC Component needs to “subordinate” general Phare rules, as presented in the first part of this chapter. Subsequently, a series of institutions enjoy decision making power on the programme, in all its phases, i.e. programming (the NAC, European Commission/its Delegation in Bucharest); monitoring (the NAC, European Commission/its Delegation in Bucharest, the NAO through the SMSCs and Joint Monitoring Committee), evaluation (the European Commission until 01.01.2007, subsequently, the NAC), financial management and control (the NAO) and audit (the Romanian Court of Accounts).

From the institutional point of view, the most important element in this comparison Phare ESC-NSRF is the change of the Ministry of European Integration from the Implementing Agency and co-Implementing Authority, (as it bore the final responsibility also for the technical implementation of the entire ESC Component into its successor, the Ministry of Development, Public Works and Housing, which represents only the Management Authority of the Regional Operational Programme, one of the 7 OPs implementing the NRSF, OP which deploys less than 20% of the total NSRF 2007-13 budget. The re-location of the National Aid Coordinator to the Ministry of Public Finance/Ministry of Economy and Finance weakened the position of the MEI/MDPWH, as well.

### **Programming**

The programming of the Phare Economic and Social Cohesion is more complex than the programming of other components of Phare, as it involves, further than institution building activities, investments projects as well, i.e. ESF- and ERDF-like measures. This means that not the concrete projects, but the types of projects to be financed are known beforehand, and that the institutions responsible with the respective measures do not carry out only the process of public procurement and project implementation, but also the launching of the programme measures, the process of projects appraisal, selection, approval and the monitoring of the beneficiaries, in a similar way as for the Regional Operational Programme.

In accordance with the general principles regarding Phare programming, the Phare ESC annual fiches and the Phare Programming Document 2004-6 were drafted by the ministries fulfilling the role of Implementing Agency, i.e. *the National Agency for Regional Development/Ministry of Development and Prognosis/Ministry of European Integration/Ministry of Development, Public Works and Housing* under the coordination of the National Aid Coordinator, i.e. *the Ministry of Foreign Affairs/Ministry of European Integration/Ministry of Economy and Finance*. Nevertheless, the Implementing Authorities have a substantial input into the drafting of the sector and project fiches, as well. The European Commission, supported by the Phare Management Committee, has the final word on the contents and budget of the programming documents.

The priorities of the Phare ESC programmes, annual or multi-annual, are chosen on the basis of the analysis and strategy of the National Development Plans, to whom the Regional Development Plans, elaborated by the Regional Development Agencies and approved by the RDB, contribute substantially, as well. Nevertheless, as it is the case also for the Regional Operational Programme, the Phare ESC does not finance all priorities set up in the Regional Development Plans; some priorities are financed from other instruments, e.g. SAPARD, and the RDAs and the RBDs, as regional institutions, have no competencies vis-à-vis their management or implementation; at the same time, no monitoring or evaluation of the RDPs as such, on the basis of a monitoring system of indicators and procedures, is carried out.

As the discussion with representatives of the Ministry of European Integration/MDPWH revealed, the contribution of the regional actors in the programming phase was limited to the elaboration of the RDPs as source for the NDPs, but the priorities of the Phare ESC Component were decided between the MEI (IAG)/MPF (NAC) and the European Commission (see Annex 11, Interview 2008 Mrs. P. IDU). Nevertheless, the principle of “partnership” was more closely observed every year along the repeated programming exercises.

### **Implementation**

As we will see in the next chapter, if in the case of the ROP the implementing task is clearly shared by two institutions, respectively the Ministry and the RDAs, more institutions are involved in the implementation of the Phare funds (see the Annexes no 3, 4, 5, 6). Nevertheless, the institution bearing the final responsibility in this respect was the *Implementing Agency*, in its form as *National Agency for Regional Development/Ministry of Development and Prognosis/Ministry of European Integration/Ministry of Development, Public Works and Housing*. In this position the Ministry assumed the responsibility of *contracting*, carried out with the assistance of the Implementing Authorities, on the basis of the PRAG, i.e. “Practical Guide to the contract procedures for EC external actions”, until 1<sup>st</sup> of January 2007, and on the basis of the Romanian public procurement legislation, beyond this date.

The same moment marks also the waiving of the *ex-ante control of the EC Delegation* upon the implementation process, carried out in all phases of the project

implementation, from the preparation of the tender documentation until the project final report.

The *project appraisal and selection criteria* are established by the Implementing Agency, and are approved by the EC Delegation and the National Board for Regional Development. The Implementing Agency *launches* the calls for proposals, as well.

The RDAs, as Implementing Authorities, organise the appraisal and selection process of the projects under its direct jurisdiction, and participate in the appraisal process organised for the rest of the projects to be implemented under Phare ESC in the region. The projects appraised and selected by the RDAs are approved by the Regional Development Board, the Implementing Agency, the EC Delegation (under DIS) and the National Board of Regional Development (for large projects).

The RDAs monitor the implementation of the projects implementation, as well.

### **Strategic And Operational Monitoring**

The monitoring function in the framework of the Phare programme is differently organised as for the Structural Instruments; as for the Phare programme and projects performance indicators were designed rather late, and most of the time they were not quantified, monitoring is mainly *financial, input-oriented* respectively, if the allocated resources were contracted and spent in the dead-lines set by the Financial Memoranda. Both the monitoring activities carried out by the Implementing Authorities, and the discussions in the framework of the *Sub-monitoring Sectoral Committees (SMSCs)* (presided by the NAC (deputy) and the EC Delegation) represent rather an *overview* of the implementation process, i.e. if the tender documentation is prepared and projects contracted on time, if the implementation of the project is unfolding/finalised without problems and according to the schedule. Eventual implementation problems are identified and the National Aid Coordinator pressures the involved institutions to take appropriate measures in order for these obstacles to be cleared. Recurrent and horizontal issues are addressed to the *Joint Monitoring Committee*, and, in this case, it is the EC Delegation or the Commission itself which ask the responsible institutions to take appropriate measures, in order for the projects to be successfully finalised.

Before granting EDIS, the European Commission/Delegation and the National Aid Coordinator shared decision making power in the framework of the monitoring process. After 1<sup>st</sup> of January 2007, the European Commission and Representation take

part as observers in the two Committees, leaving the NAC fully responsible with the Phare monitoring.

The Implementing Authorities, including the RDAs, do play an operational role as regards monitoring, as they contribute to the elaboration of the bi-annually Monitoring Reports, under the coordination of the Monitoring Department of the NAC.

### **Evaluation**

The particular concept of monitoring under Phare led to a particular role of evaluation in this framework. Evaluation of Phare components is strongly connected to monitoring, organised regularly on the basis of the 10 clusters of projects monitored by the SMSCs through bi-annual monitoring reports, and comes to assess the relevance, efficiency, effectiveness, sustainability and impact of the projects under implementation (interim evaluation) and completed (ex-post evaluation).

Until 1<sup>st</sup> of January 2007, the European Commission was responsible with both interim and ex-post evaluations; after EDIS was granted, the National Aid Coordinator took over this responsibility. The Implementing Agencies and Authorities play a limited role in this function; they have to submit to the NAC and evaluators the necessary documentation and offer them further information for the accurate completion of this function.

### **Financial Management**

In accordance with the national legislation in place, i.e. the Government Ordinance no. 119/1999 on Internal Audit and Financial Control, introduced in August 1999, modified by the Law no. 672/19.12.2002 and Law no. 84/2003 regarding the internal public audit, each institution carries out an **internal financial control, both preventive**, i.e. before an operation starts, and **during** the unfolding of this operation. In this respect both the **RDAs** and the **Ministry**, in the implementation process, pays adequate attention to financial aspects as legality and adequacy of the invoices submitted by the contractors, and may carry out on-the spot checks to verify in practice these aspects. Nevertheless, while the RDAs role is more operational, at project level, it is the Implementing Agency which is held responsible of the financial health of the programme implementation, by the **National Authorising Officer**. If the function of

financial control is shared among the three institutions, it is the latest, the NAO, bearing its final responsibility.

The same is valid for certifying and paying competencies. The NAO, with the support of the data collected by the Ministry and the RDAs, and upon their verification, asks for funds from the European Commission and transfers them further to the Implementing Agency, responsible with making the necessary payments to the contractors and beneficiaries.

Both the *European Commission*, through external experts, and the OLAF can financially control any projects at any moment, as well.

### **Audit**

As in the case of financial control, the projects are audited internally, at all levels: all involved institutions, the RDAs, the Ministry and the NAO, i.e. the Ministry of Economy and Finance, have internal audit units carrying out these activities. Externally, the Romanian Court of Accounts, through the Audit Authority, the European Commission, through external experts, and the European Court of Auditors may carry out at discretion audit missions.

## **7 Conclusions**

This chapter aimed to present and analyse the weighting of all institutions involved in the policy-making process unfolding for the Economic and Social Cohesion Component of the Phare National Programme. The focus laid on the role of the Regional Development Agencies and the Regional Development Boards, as their competencies in the framework of this regional development policy is determinant for the degree of regionalisation currently registered in Romania.

Being a part of the National Phare Programme, the Phare ESC component, even if it has its specificity, must comply with the general Phare rules; consequently, the institutions directly involved in the management and implementation of this component, i.e. the Implementing Agencies and Authorities, act under the authority of the National Aid Coordinator, National Aid Officer and Joint Monitoring Committee.

As proved in this chapter, the institutional system created for the management and the implementation of Phare ESC is complex and registered regular changes since

its setting up. Nevertheless, despite these changes, *the European and the central governance level permanently retained the decision-making right on the programme and projects, and the final responsibility of their implementation.*

*The Ministry of Public Finance/Ministry of Economy and Finance* concentrated, especially after 2004, a significant number of competences as regards the Phare ESC Component: programming, monitoring, (later) evaluation, through the National Aid Coordinator, financial management and control, through the National Authorising Officer, and partially audit, through the internal audit structure.

*The Ministry of European Integration/Ministry of Development, Public Works and Housing* was, for one year (2004), the most important institution for Phare ESC, as in this year both the National Aid Coordinator and the Implementing Agency for Phare ESC acted in its framework. After 2004 the MEI preserved only the later position; the elaboration of the National Development Plan left the MEI together with the NAC; in this context, the MEI/MDPWH was responsible with the drafting of the Phare Programming Document 2004-6, under the coordination of the Ministry of Public Finance/NAC. The MEI/MDPHW bears the final responsibility as regards the technical and financial implementation of the Phare ESC 2004-2006.

In its role as Implementing Agency, the MEI/MDPWH enjoys *decision-making rights* in all phases of the policy cycle: it coordinates the drafting of the RDPs, and elaborates the Phare ESC Programming Documents, it sets up the project appraisal and selection mechanism, it launches the measures/calls, it approves the list of projects selected by the RDAs and it coordinates the monitoring and the financial management of the component.

From the point of view of the delivery system, the Phare ESC Component evolved proportionally with the increase in funds. With some insignificant variations, the same institutions were involved in its implementation, as Implementing Authorities, as the Phare ESC priorities has remained almost the same every year. These priorities, and consequently, their implementation system, were refined for the period 2004-2006, so that they reflect, as much as possible, the future Operational Programmes.

In this context, the *Regional Development Agencies* fulfilled the Implementation Authority role only for some of the Phare ESC priorities; not all these



priorities were taken over in the ROP, e.g. the environmental measures, which the RDAs implemented in partnership with the Regional Agencies for Environmental Protection. The competencies of the RDAs are mainly limited to *project implementation*, and they cannot take any decision whatsoever as regards the Phare ESC Component as programme or on the projects they are appraising and selecting. They do contribute to the programming phase, but indirectly; the Regional Development Plans elaborated by the RDAs serve as source for the National Development Plan, and the Phare ESC priorities were decided by the MEI/MDPWH with the European Commission taking into account the RDPs priorities, but not reflecting them completely.

The *Regional Development Boards* do enjoy decision-making rights both in programming and implementation of the Phare ESC, as they approve the RDPs and the lists of projects appraised and selected by the RDAs. Nevertheless, we should not forget that these boards are composed of representatives of the local authorities, mostly promoting their local interest.

As repeatedly mentioned, the *National Board for Regional Development* hasn't been very successful in carrying out its strategic tasks related to the promotion of regional development. Its role was limited to the approval of the NDPs until 2006, of the appraisal and selection criteria for the Phare ESC and of the large infrastructure and HRD projects, and, as a consequence, it was convened rarely, respectively when it needed to exercise these two competencies.

As we will see in the next chapter, the role of these three regional institutions, especially of the Boards, decreased under the Regional Operational Programme.

It goes without saying that the role of the *European Commission/EC Delegation* in Bucharest was paramount for the programming, management, implementation, financial control, audit, monitoring and evaluation of the Phare ESC. As regards *programming*, the EC had a last word on the sector and project fiches submitted by Romania, including the Phare ESC and the allocation of funds. Before the 1<sup>st</sup> of January 2007, in the Decentralised Implementation System, the EC/its Delegation endorsed all documents, from changed fiches, list of selected projects, to tender documentation, project evaluation reports, contracts, audit, monitoring and evaluation

reports. After EDIS was granted, the EC/its Representation concentrated on ***“ex-post”*** ***competences in financial control, audit and evaluation.***

## CHAPTER V

### MULTI-LEVEL GOVERNANCE AND IMPLEMENTATION OF THE REGIONAL OPERATIONAL PROGRAMME IN ROMANIA

#### 1 Introduction

Becoming a member of the European Union, on 1<sup>st</sup> of January 2007, meant for Romania taking fully part in the Cohesion Policy of the EU, with all the rights and obligations following from this position.

As seen from the previous chapter, Romania's participation in the Cohesion Policy of the EU was prepared to a certain extent during the pre-accession period. For this purpose, the involved national institutions received technical support, i.e. in the form of technical assistance or/and twining projects financed through Phare, aiming to enhance their capacity to carry out the preparation, technical and financial management, implementation, monitoring, evaluation, control and audit of Structural Instruments upon 2007. On the other side, the Phare Economic and Social Cohesion Component was meant as a practical exercise, which gave the possibility to most future Managing Authorities and Intermediary Bodies to gain experience in (multi-annual) programming, programme implementation, and to a more limited extent monitoring, evaluation and audit as the European Commission, the National Aid Coordinator and the Romanian Court of Accounts/Audit Authority enjoyed these two competencies under Phare. The financial management, control and audit functions related to the implementation of EU structural instruments were shaped also during the negotiation process carried out in the framework of the Chapter 28, i.e. "Financial Control", among other related aspects<sup>125</sup>. As regards financial management and control, significant more coherency and continuity between pre- and post- accession periods can be observed, in both institutional and procedural terms; audit at national level is a rather recent creation, as the Audit Authority started its activity in 2005, in the framework of the Romanian Court of Accounts, but acting independently.

<sup>125</sup> Chapter 28 focused on 5 aspects: Public Internal Financial Control (PIFC), External Audit, Control Measures relating the EU Own Resources, EU Pre-accession funding and future Structural Action, Protection of the EU financial interests, see European Commission web page: [http://ec.europa.eu/enlargement/archives/enlargement\\_process/future\\_prospects/negotiations/eu10\\_bulgaria\\_romania/chapters/chap\\_28\\_en.htm](http://ec.europa.eu/enlargement/archives/enlargement_process/future_prospects/negotiations/eu10_bulgaria_romania/chapters/chap_28_en.htm)

This fourth chapter follows the same structure as the previous one. In order to set the background, the New Cohesion Policy of the European Union will be shortly presented, with a clear focus on the changes operated in comparison with the previous financial framework, 2000-2006.

Although the analysis concentrates on the regional development policy in Romania as defined in this study, i.e. the Regional Operational Programme, at higher programmatic and institutional layers a series of overarching planning and programming documents are determinant for this programme; the same is valid for a set of institutions enjoying decision-making competencies related to the ROP and vis-à-vis the authorities and bodies involved in its management and implementation. These overarching institutions, respectively the coordination mechanisms for the NSRF implementation, the Authority for the Coordination of Structural Instruments within the Ministry of Economy and Finance, the Certifying and Paying Authority within the same ministry and the Audit Authority, associated to the Court of Accounts, need to be presented and their competencies related to the Regional Operational Programme analysed.

The bulk of the chapter will concentrate on the Regional Operational Programme and the roles of the national and regional institutions involved in its preparation, implementation and management, as related to the requirements of the new Council General Regulation no. 1083/2006 and the Romanian Law on Regional Development no. 315/2004. In accordance with the methodology elaborated in the first chapter, the same competencies approach will be used: the institutional “loci” of the core competencies in the policy-making process, i.e. *programming, implementation (including project generation), strategic and operational monitoring, evaluation, information and publicity, financial management and control, audit*, will be identified, and the position of the RDAs in this institutional structure will be clarified.

## **2 The new Cohesion Policy of the European Union**

The negotiations carried out in 1998 and 1999 on the country allocations for the 2000-2006 Financial Framework already anticipated the challenges an enlarged

European Union with 27 members will raise to the objectives and structure of the EU Cohesion Policy. For the 2007-2013 programming period, this policy needed to answer to an entire set of demands coming, on one side, from the *new*, socio-economically lagging behind countries, on the other side from the *older* member states, “victims” of a statistical effect<sup>126</sup> or facing difficult structural change, and further on from its *critics*, who pointed out the limited impact 15 years of significant investments had on the development discrepancies in Europe. At the same time, the urge towards turning Europe more competitive at global level pressured the Cohesion Policy to firstly deliver a certain direct outcome/results, i.e. “jobs”, and impact, i.e. “growth”, in other words, the objectives of the Lisbon Agenda. This new context shadowed the regional dimension of the EU Cohesion Policy, fact admitted for the first time by the European Commission (see Andreou, 2007, 2).

A *more strategic approach to programming*, and the *concentration/simplification and decentralisation and proportionality* of the management and implementation system are meant to lead to an efficient and effective delivery of the 2007-2013 EU Cohesion Policy.

### *1. A more strategic approach to programming*

As mentioned before, the Cohesion Policy integrated the Lisbon objectives into its own thinking: “cohesion policy in all its dimensions must be seen as an integral part of the Lisbon strategy” (4th Cohesion Report, page 127). This development was called the “Lisbonisation” of the Cohesion Policy (see also Andreou, 2007). The main goal of the investments made under the Cohesion policy is job creation and, subsequently, growth. With this purpose significant amounts were “earmarked” in each MS, i.e. around 60% of the national allocation, to be spent in areas like research and development (R&D), physical infrastructure, environmentally friendly technologies, human capital and knowledge.

In comparison with the previous financial framework, the programming cycle underwent some adaptations in order for the Member States to answer adequately the need to coordinate Cohesion Policy with the Lisbon agenda. At EU level the Common Strategic Guidelines were issued, with the main aim of linking the Cohesion Policy with

<sup>126</sup> Regions whose per capita gross domestic product (GDP) measured in purchasing power parities is less than 75 % of the Community average, but not because they registered a significant increase of their GDP/capita, but because the Community average decreased as a result of enlargement.

the Lisbon jobs and growth objectives. The National Strategic Reference Frameworks, i.e. formerly the Community Support Frameworks, constitute the main planning instrument for cohesion policy and translate the CSGs into national policy goals; in order for the Cohesion Policy to deliver its goals related to the Lisbon Agenda, the coherence of the NSRF with the National Reform Programmes<sup>127</sup> is assured. Only parts of the NSRF are validated by the European Commission, i.e. list of individual OPs, the indicative financial allocation, and, for the Converge objective only, the verification of the additionality principle and the actions envisaged for reinforcing administrative efficiency (Andreou, 2007: 22). The Operational Programmes drafted for the implementation of the NSRF require Commission's full approval, while Programme Complements are not mandatory anymore.

In this framework, the strategic approach is enhanced by the strategic reports the member states need to present to the EU Commission in 2009 and 2012; at its turn the Commission will present in 2010 and 2013, a synthesis of these reports to the European Parliament, in order to inform this institution on the overall progress in achieving the new Cohesion Policy objectives.

## ***2. Concentration and simplification***

As the European Union with 27 members faces a series of different problems than the “older” Europe, the new Cohesion Policy focuses on three new objectives: ***Convergence***, i.e. previously Objective 1, directed at lagging behind regions. Eighty percent of the total CP budget for 2007-2013 is allocated to the regions fulfilling the specific “Convergence” criteria laid down in the Art. 5 of the Framework Regulation. The second objective of the new CP is “***Regional Competitiveness and Employment***”, deploying 15 % of the total allocation; in the framework of this objective other regions than the ones eligible under the “***Convergence***” Objective are supported in order to strengthen their “competitiveness and attractiveness” and foster employment by anticipating economic and social changes (see Art. 3 (2)(b) of the Framework Regulation). Previously a Community Initiative, “INTERREG” was transformed into

<sup>127</sup> The NRP represents the framework for drawing up and implementing (at national level) specific sector policies with a view to the Lisbon Objectives; the NRP is set up in accordance with the Commission Communication COM(2005)24 of 2.2.2005 *Working together for growth and jobs, A new start for the Lisbon Strategy (LS)* and *The Integrated Guidelines for Growth and Jobs (2005-2008)* - COM(2005)141 of 12.4.2005.

the third CP objective, “*European Territorial Cooperation*”, channelling the rest<sup>128</sup> of the budget towards strengthening cross-border, transnational and interregional cooperation among local and regional actors across the EU.

This concentration on the regions mostly in need is complemented by a simplification at instruments level: following the separation made between the Cohesion and the Agricultural Policy, the former is implemented between 2007-2013 through only three instruments: the European Regional Development Fund, European Social Fund and the Cohesion Fund, all three applying the same rules, set up in one single Framework Regulation, implemented through one, and not 10 implementing regulations this time (see also 4th Cohesion Report, page 128).

At the same time, the mono-fund-principle was introduced: each operational programme is financed through one single instrument, ERDF *or* ESF<sup>129</sup>. Only the CF and the ERDF can be combined in the case of the OPs for the Transport and Environment sectors.

### ***3. decentralisation and proportionality***

As mentioned before, the new planning and programming cycle gives the member states more room for manoeuvre in managing, implementing, monitoring and evaluation of the structural instruments.

As regards financial management, if in the previous Financial Framework the financial allocations, intervention rates and reimbursements were decided at measure level, for the 2007-2013 programming period these are set up at higher level, of programme or priority axis (4<sup>th</sup> Cohesion Report, page 127). This enables the member states to manage the funds with a certain degree of flexibility, and reallocate between key areas of interventions under a priority axis, without complex approval procedures to be launched in Brussels.

The Member States enjoy more freedom as regards monitoring and evaluation, too. In the former case, a limited number of indicators need to be monitored for reporting purposes (from the member States towards the European Commission), the so called “programme indicators”, i.e. inserted in the OPs, and these relate to the outputs

<sup>128</sup> The budget for the third objective of the EU Cohesion Policy is 7 750 081 461 Euro, in accordance with the Art. 21 of the Council Framework Regulation.

<sup>129</sup> With the exception of 10% of the programme budget, which can be spent on type of expenditures eligible for the other instrument (ESF in the case of an ERDF-financed programme and the other way around).

and results of the programme, and not to its impact. Member States are advised to monitor more indicators for themselves to be sure that the programme implementation is following the right path, but it is up to the Member States to decide which other indicators, if any, they should chose.

Linked with monitoring, the new provisions on evaluation try to mould on the needs of the Members States and offer them a new, flexible instrument, i.e. the ad-hoc evaluations, to be carried out when a “significant departure from the goals initially set” is registered, in place of the rigid mid-term evaluation and its update provided for in the previous programming period. The members states are encouraged to draft Evaluation Plans in order to make efficient use of the evaluation as management tool in optimising programme implementation, and in this sense the Commission set up a series of guidelines for the MSs<sup>130</sup>, but these plans do not require the approval of the European Commission.

As regards control, in the case of smaller programmes, i.e. under 750 million eligible expenditure, with a limited EU co-financing (under 40%), national bodies may carry out the required control activities, with no Commission involvement.

These new competencies might strike against the Member States, especially if the responsible institutions in place do not have the necessary capacity to manage, implement, monitor and evaluate the structural instruments implementation. At the same time, this freedom might prove illusory, and not only for the new members states, as the European Commission participates in the Monitoring Committees’ meetings<sup>131</sup> and it retains significant competencies in interim and ex-post activities, as financial control, audit and evaluation.

Differently from the previous programming period, the eligibility rules are not commonly decided at European level anymore, but each country is free to set up its own categories of eligible expenditures at national level.

### **3 The National Tier of the Structural Funds Implementation: Coordination Mechanisms for the National Strategic Reference Framework, Authority for the Coordination of Structural Instruments, Certifying and Paying Authority, Audit Authority**

<sup>130</sup> See the WD no. 5 of the European Commission, *Indicative Guidelines On Evaluation Methods: Evaluation During The Programming Period*, page 12

<sup>131</sup> As non-voting member



As presented in the second chapter, the preparatory work for the 2007-2013 Cohesion Policy programming period started early in Romania, in the framework of the negotiation with the European Commission of the Chapter 21 „Regional policy and the coordination of structural instruments”. As these technical discussions were based on the legislation in place at that date, i.e. Council Regulation 1260/1999 and the subsequent Funds-specific regulations, a (national) development plan needed to be drafted by the Romanian government, to include the analysis of the socio-economic development of the country, in the light of the objectives of the Cohesion Policy, and the strategy, the planned priority actions, their specific objectives and the related indicative financial resources (Council Regulation 1260/1999, Art. 9).

In December 2005 the Romanian National Development Plan was finalised, after almost two years of intensive, horizontal and vertical, collaboration with a majority of its stakeholders. As explained also in the plan as such, the NDP was developed specifically for the implementation of the EU Cohesion Policy and, despite its title, it was not meant to replace the overall, national strategy for economic development, embodied by the National Economic Development Strategy<sup>132</sup>, but to plan how the European Funds, including agricultural ones, are to be deployed in Romania between 2007-13.

The National Strategic Reference Framework, drawn on the NDP analysis and strategy, is implemented through 7 Operational Programmes under the Convergence Objective and 11 OPs under the European Cooperation Objective. An overview of these operational programmes, their managing authorities and intermediate bodies, and of the European fund they are financed through is presented in detail in the second chapter (page 63).

Given the significant amounts to be implemented, and the complexity of this process, the *coordination of the NSRF implementation* is undertaken in a series of committees, at political and technical level (see also the National Strategic Reference Framework, pages 161-2):

1. **National Coordination Committee for Structural Instruments**, established in order to provide strategic guidance and decision-making at political level;

<sup>132</sup> As regards the National Economic Development Strategy, as mentioned by the NDP, it was difficult to identify exactly its existence for the current period. The only identified NEDS covered the time span between 2000-2004, see <http://www.cdep.ro/pdfs/strategie.pdf>

2. **Management Co-ordination Committee**, which will address management, administrative and horizontal issues with relevance to the OPs;

3. **Regional coordination committees**, established in the 8 Regions, in order to assist in the correlation of interventions amongst the Operational Programmes.

#### 4. **Working Groups**

### **3.1 The National Coordination Committee for Structural Instruments (NCC) – political level**

The activity of the NCC was preceded by the National Committee for the Coordination of the SIs management process, which met regularly between 2004 and 2007, on the basis of the G.D. No. 1200/2004 for its setting up and functioning. The purpose of this committee was to coordinate at political level, i.e. prime-minister and minister/state secretaries level, the preparation of the institutional, legislative, and procedural framework for the management and implementation of structural instruments. Its members were the political representatives of the Ministries involved, as MAs, in the management and implementation of the Structural Instruments and rural development funds (see Annex 1 of the G.D. 1200/2004). As the preparatory phase came to an end in 2007, this preparatory committee was transformed in the NCC, in accordance with the new Governmental Decision 457/21.04.2008 regulating the institutional framework for the coordination and management of structural instruments, which replaced the older one, respectively GD 497/2004.

In accordance with the GD 457/2008, the NCC assures, under the presidency of the Prime-Minister, the correlation between the SIs and the European Agricultural Fund for Rural Development (EAFRD) and European Fisheries Fund (EFF) interventions; nevertheless, the ministries in charge with these two policies are not members of the NCC, but only the ministers coordinating the MAs of the Cohesion Policy Operational Programmes. The main competencies of the NCC are:

- to define the strategy for the development of the institutional, legislative and procedural framework necessary for the SIs implementation and monitors its functioning;
- to decide on measures to strengthen the administrative capacity for the SIs implementation, to improve the management and increase the OPs efficiency;
- to decide on measures to correlate the interventions carried out under various OPs, with the aim of increasing the SIs impact in Romania
- approves funds re-allocations among OPs, before submitting these for the

European Commission's approval

- analyses and approves the National Annual Report (NAR), reports regarding administrative capacity, strategic reports, and other plans, reports;
- analyses and approves the National Multi-annual Evaluation Plan and examines the results of the evaluations provided for by this plan;
- takes decisions regarding aspects raised by the Management Committee for the Coordination of the SIs Management (MCC);
- analyses and approves correlation measures between the SIs and EAFRD and EFF interventions.

### **3.2 Management Co-ordination Committee – technical level**

The Management Co-ordination Committee (MCC) did not exist as such, i.e. in an institutionalised form, before 2007. Nevertheless, between 2004-2007 the Authority for the Coordination of Structural Instruments together with the Managing Authorities, sometimes joined by the Intermediate Bodies, convened regularly to discuss and decide issues on programming, implementation, eligibility issues, project appraisal and selection mechanisms, monitoring, indicators, indicators system, SMIS, data collection and evaluation. The activity of the MCC will carry on this intense collaboration which took place in the preparatory phase and concentrate in the next years on implementation specific issues.

In accordance with the G.D. 457/2008, the members of the MCC, representatives of the ACIS, MAs and CPA, meet monthly under the coordination of the ACIS General Director and decides on technical, institutional and procedural measures to be taken for the increase of the efficiency, effectiveness and coherence of the SIs implementation.

The activity of the Management Co-ordination Committee is supported at technical level by **working groups (4)**, organised thematically around subjects as: SMIS, implementation systems and manuals, information and publicity, evaluation, technical assistance. They are organised and chaired by ACIS and gather the representatives of each MA responsible for the specific topic; the purpose of the WGs is mainly to work in practice the EC requirements for the respective field, to carry out specific capacity building activities and to draft specific procedures.

### **3.3 Regional coordination committees**

The Regional coordination committees, i.e. the Regional Committees for Strategic Evaluation and Correlation (RCSECs), are consultative bodies, created in each

region with the participation of the *local public administration and socio-economic environment representatives*. Their main task is to assure, at regional level, the coherence between the interventions carried out in the region under different OPs and other programmes, i.e. the National Plan for Rural Development or other governmental programmes. Nevertheless, considering the limited mandate agreed politically for these bodies, the RCSECs rather form a sort of Regional Monitoring Committee and is not empowered in any way to decide upon the projects financed through other programmes than ROP but having an impact on the development of the regions (see further).

Further than the mechanisms in place at national level for the coordination of the NSRF, and, subsequently, of the OPs implementation, a series of other institutions impact on the MAs, ROP including, activity. These institutions have coordination competencies, both for technical, institutional, procedural issues, i.e. Authority for the Coordination of Structural Instruments, and financial issues, i.e. Certifying and Paying Authority, and audit, i.e. Audit Authority, aspects.

### **3.4 Authority for the Coordination of Structural Instruments**

The Authority for the Coordination of Structural Instruments (ACIS) is the institution entrusted with the coordination of the management and delivery of the Structural Instruments in Romania, assuming the responsibilities assigned to the “CSF Managing Authority” by the Government Decision No 128/2006 modifying G.D. No 497/2004 (NSRF 2007-2013, page 162). Beginning with 2004, when this GD was created in the framework of the Ministry of Finances, following the transferring of the NAC function from the Ministry of European Integration, ACIS has coordinated the entire preparatory activity for the Structural Funds implementation: programming, implementation systems and mechanisms, monitoring and evaluation.

As in 2007 the preparatory work was finalised and the real implementation work started, a new Governmental Decision no. 457/21.04.2008 regulating the institutional framework for the coordination and management of structural instruments in Romania was adopted. Further than clarifying the national institutions acting as management authorities and intermediate bodies for the 7 operational programmes, the new decision revises, as mentioned before, the coordination mechanism in place for the structural instruments implementation, respectively the ACIS, the National Coordination

Committee (NCC) and the Management Coordination Committee for Structural Instruments (MCC), and presents in detail the competencies of each of these institutions and committees.

In according to this new Governmental Decision, the ACIS enjoys the following competencies:

#### **COORDINATION**

- Initiates, elaborates and modifies the legislation regarding the institutional and procedural framework for the coordination and implementation of SIs;
- Assures the development and functioning of the coordination mechanism for the SIs management;
- Assures the secretariat of the National Coordination Committee;
- Assures the presidency and the secretariat of the Management Coordination Committee;
- Coordinates and presides the working groups set up in the framework of the coordination mechanism;
- Takes part in the RCSECs meetings;
- Coordinates, monitors and supports the development of the administrative capacity of all structures involved in the SIs management, through action plans and regular reporting to the NCC;
- Elaborates guides and manuals for the development of the SIs management procedures; assuring a unitary approach of the procedural framework;
- Elaborates or modifies/approves the legislation regarding expenditures eligibility;
- Coordinates and monitors the partnership framework developed during the NSRF elaboration and implementation.

#### **PLANING and PROGRAMMING**

- Coordinates the elaboration and updating of the National Development Plan, NSRF and Operational Programmes and Framework Documents for Implementation, assuring their correlation with the other national and European policies and legislation;
- Coordinates the NSRF and OPs negotiation process with the European Commission;
- Analyses, **approves** and assures the approval by the MEF and by the Ministry coordinating the respective OP, of the Framework Documents for OPs Implementation.

#### **IMPLEMENTATION**

- Oversees and supports the project pipeline preparation by the MAs, and assures, at national level, the coordination of the TA Programme JASPERS.

#### **MONITORING**

- Monitors the NSRF implementation and coordinates the monitoring process of the OPs;
- Assures the harmonisation of the legal and procedural framework for the functioning of the OPs Monitoring Committees and participates as member in their reunions;

- Coordinates from a methodological point of view the elaboration of the annual implementation reports and of the final implementation reports;
- Participates at the annual meetings with the European Commission, organised with a view to analyse the OPs implementation, and coordinates the actions to be taken regarding the AIRs, as a result of the Commission feed-back;
- Elaborates the **National Implementation Report** regarding the implementation of the SIs and submits it for approval to the NCC;
- Coordinates the elaboration of the **Strategic Reports** in accordance with the art. 29 (a) of the Framework Regulation, to be submitted to the NCC, Romanian Government and the European Commission, and participates in the elaboration of the National Reforms Programmes annual implementation reports section which presents the contribution of the OPs;
- Assures the setting up, the development and functioning of the electronic monitoring information system (SMIS).

#### **EVALUATION**

- Coordinates the evaluation of the SIs management and implementation process and the related capacity building measures;
- Elaborates evaluation standards and guides for the interventions financed with structural instruments;
- Assures the legislative and procedural framework for the cost-benefit analysis, as instrument for project appraisal and selection;
- Coordinates the indicators system utilised in the monitoring and evaluation of the OPs and NSRF;
- Coordinates the elaboration and implementation of the multi-annual evaluation plans and assures their correlation with the National Multi-annual Evaluation Plan;
- Elaborates and implements the NMEP and assures that this is used as strategic management instrument during the SIs implementation.

#### **COMMUNICATION**

- coordinates the elaboration, update and implementation of the National Communication Strategy regarding the SIs, and assures the coordination of the information, communication and publicity activities;
- manages the setting up, development and functioning of the SIs Information Centre, web page and call centre.

#### **FINANCIAL MANAGEMENT**

- Analyses, together with the Certifying and Paying Authority and the Management Authorities the necessity and opportunity of funds reallocation between OPs, and formulates recommendations in this sense for the NCC;
- **Approves**, together with the Certifying and Paying Authority, the documents elaborated by the Managing Authorities for the budgetary planning, made for both the European funds and the national contribution to pre-, co- and financing the non-eligible expenditures;
- Coordinates the ex-ante, annual monitoring and ex-post verification of the additionality principle

In a first phase, as the ACIS was the contact point for the European Commission as regards its input in the preparatory work to be carried out in Romania, the managing authorities were somehow in a dependence relationship with ACIS. This relationship started to change at the moment the Operational Programmes were in the last phase of elaboration, when the MAs intensified their direct contacts and collaboration with the relevant tasks managers in the DG Regio. The more experienced the MAs were in managing and implementing pre-accession assistance, the faster this “emancipation” took place i.e. especially the Ministry of Development, Public Works and Housing (MA ROP), Ministry of Environment and Sustainable Development (MA SOP Environment) started acting more independently, and, to a lesser extent, Ministry of Labour and Equal Opportunities (MA OP Human Resources Development).

This development is not surprising, as this was the purpose of a large part of the pre-accession funds deployed in Romania and as the institutional and competencies arrangements for SIs implementation, although different in certain respects, encompass several continuities and similarities with the Phare ESC implementing rules. The ACIS/Ministry of Economy and Finance has prime responsibility for the adequate, efficient and effective SIs implementation in Romania and in this sense it assumes the coordinating role. Nevertheless, as mentioned before, the MAs started going their own way, and this process will accelerate as the implementation process will unfold, because ACIS competencies are shared with the MAs in respect to programming and evaluation, but the MAs enjoy almost exclusive powers as regards operational implementation and monitoring. Especially in the case of monitoring and evaluation, the competencies division/sharing is different in comparison with the pre-accession funds, for which the NAC enjoyed full responsibility, as counterpart, until 2006, and successor, beyond 1<sup>st</sup> of January 2007 of the European Commission.

As for the Phare ESC Component, two other institutions are a part of the national mechanisms put in place for the implementation of SIs:

### **3.5 Certifying and Paying Authority**

As regards *financial management and control*, the Certifying and Paying Authority within the Ministry of Economy and Finance is responsible for drawing up certified statement of expenditure and applications for payment and submit them to the

European Commission. The same CPA receives the ERDF, ESF and Cohesion Fund payments from the European Commission in respect to all OPs. The payments are made directly to the Beneficiaries by the Certifying and Paying Authority in the framework of the SOP Environment and SOP Transport (in the case of direct payments) and firstly to the Paying Units established in the ministries which have the role of Managing Authorities (for the indirect payments). The CPA is located within the National Fund, as presented in the previous chapter. As in the case of the NDP programming, this is another field where the pre-accession activity certainly resulted in experience usable and used for the Structural Instruments Implementation.

Verification of expenditures takes place also at IB and MA level, (NRSF, page 173), and the MAs feed information into the CPA applications for payment, and, as mentioned before, make the payments towards the beneficiaries.

### **3.6 The Audit Authority and the Central Harmonizing Unit for Public Internal Audit**

The institution in charge with the SIs audit is the Audit Authority, an associated body of the Romanian Court of Accounts acting independently from the Court, the MAs and the CPA. At operational level the audit competency is shared by the Managing Authorities and Intermediate Bodies, as they have their own audit structures, as well. Nevertheless, the Audit Authority bears the final responsibility for the SIs audit; in accordance with its legislative base<sup>133</sup>, it carries out the required system and funds audits, (including the system assessment prescribed by the art. 71 of the Framework Regulation, compulsory with a view to the first payment made by the European Commission towards the member state), verifies the eligibility of the declared expenditures and the national co-financing (on the basis of samples).

The Internal Audit Units (IAUs) within the MAs, including the IUA within the MDPWH, are coordinated from a methodological point of view by the Central Harmonizing Unit for Public Internal Audit (CHUPIA), localised in the Ministry of Economy and Finance. The CHUPIA mostly develops and implements uniform procedures and methodologies based on international standards agreed by the European

<sup>133</sup> Law 200/2005, regarding the approval of the governmental Emergency Ordinance no. 22/2005, issued for the completion of the Law no. 94/1992 regarding the organisation and functioning of the Romanian Court of Accounts.



Union, including internal audit manuals and audit trails, and elaborates ethical codes, methodological norms and reporting systems for the IAUs.

#### **4 Post-accession Regional Development Policy in Romania: The Regional Operational Programme. Institutional arrangements, roles and competencies**

Following the methodological approach presented in the introductory chapter, after identifying the institutions playing a role at a higher (than the MAs) level in the Structural Instruments implementation and their competencies in this respect, we continue with the analysis of the delivery system in place for the implementation of the Regional Operational Programme as such.

##### **4.1 The Regional Operational Programme 2007-2013**

The Regional Operation Programme is rooted in the preparations Romania has undergone for more than 10 years for the actual implementation of the Structural Instruments, as tools of the EU Cohesion Policy. As previously mentioned, the concept of regionalisation and regional development were introduced in this political, territorial-administrative two-levels, highly centralised, country in the context of the EU integration.

Nevertheless, if during the 1994-1999 programming period the idea of a “Europe of Regions” was still at the core of the Cohesion (by then the Regional) Policy implementation, this changed during the last two programming periods, 2000-6 and especially 2007-2013. One of the reasons for which the regional tier is less present in the forming and implementation of the EU Cohesion Policy is its very position and capacity in some Member States, especially new ones. On one hand, the European Commission requires a sound institutional system for the funds implementation, including a NUTS II level, nevertheless, on the other hand, this system should respect the administrative tradition of the member states. On the other hand, the very “Lisbonisation” of the Cohesion Policy places the emphasis on growth and jobs and, subsequently, on growth poles, no matter which governance levels are involved in the socio-economic development process, and less on regional development, balancing and catching up.

Therefore, one can say that the ROP is “caught” between the “quest” for regional development (and regionalisation) as understood in the middle of the 90s and the

current “quest” for turning the Cohesion Policy into an efficient and effective tool for reaching the Lisbon objectives. The fears expressed by some RDAs directors at the beginning of 2004, that the ROP will rather represent a “leftover” programme, seem partially justified. Most of the funds committed to Romania for the 2007-2013 programming period are to be invested in national socio-economic development programmes, with only 19,4% going into regional development. The financial distribution of the ROP resources is meant to serve the aim of the ROP, respectively, the funds are allocated indirectly proportional with the development level of each region, in order to support the less developed ones in catching up<sup>134</sup>. As the ROP itself phrases: “...it privileges Regions relatively lagging behind and less developed areas in ensuring them the existence of a minimum set of preconditions for growth but does not have redistributive purposes per se.” (see the ROP official version, page 9).

### **Regional Operational Programme’ priority axes**

#### **Priority axis 1: Support to sustainable development of urban growth poles**

1.1 Integrated urban development plans

#### **Priority axis 2: Improvement of regional and local transport infrastructure**

2.1 Rehabilitation and modernization of the county roads and urban streets network – including construction/rehabilitation of ring roads<sup>135</sup>

#### **Priority axis 3: Improvement of social infrastructure**

3.1 Rehabilitation, modernization and equipping of the health services’ infrastructure

3.2 Rehabilitation, modernization, development and equipping of social services infrastructure

3.3 Improving the equipments of the operational units for public safety interventions in emergency situations

3.4 Rehabilitation, modernization, development and equipping of pre–university, university education and continuous vocational training infrastructure

#### **Priority axis 4: Strengthening the regional and local business environment**

4.1 Development of sustainable business support structures of regional and local importance

<sup>134</sup> See the press release of the MDPWH, 17.08.2007, downloaded 21.01.2008 [http://www.inforegio.ro/index.php?page=MEDIA\\_ARCHIVE](http://www.inforegio.ro/index.php?page=MEDIA_ARCHIVE)

<sup>135</sup> The building of national roads and motorways is financed in the framework of the SOP Transport.

4.2 Rehabilitation of unused polluted industrial sites and preparation for new activities

4.3 Support the development of micro-enterprises

**Priority axis 5: Sustainable development and promotion of tourism**

5.1 Restoration and sustainable valorization of cultural heritage, setting up and 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

5.3 Promoting the tourism potential and setting-up the needed infrastructure in order to increase Romania's attractiveness as tourism destination

**Priority axis 6: Technical assistance**

6.1 Support for the implementation, overall management and evaluation of the ROP

6.2 Support for the publicity and information activities of the ROP

*Source: ROP 2007-2013, page 10*

## **4.2 Institutional actors involved in the management and implementation of the ROP**

The institutional structure in place for the management and implementation of the ROP is developed, as intended, upon the institutional arrangements built up for the implementation of the Phare Economic and Social Cohesion Component<sup>136</sup>, and respecting the European Regulations in force for the Cohesion Policy during the 2007-2013 programming period. Respectively, the Ministry of EI/DPWH fulfils the role of Managing Authority<sup>137</sup>, while the Regional Development Agencies act as Intermediate Bodies<sup>138</sup>. Both the financial management and control and the audit functions are shared between the IBs/MA and the national, overarching institutions responsible, i.e. the Certifying and Paying Authority, and the Audit Authority.

An important shift in the competencies of the institutions involved in regional development took place. The National Board of Regional Development played a role

<sup>136</sup> Phare ESC first part, managed by the MIE/MDPWH; the second part, i.e. human resources development/ESF-like projects, is managed by the Ministry of Labour, while the third part encompasses horizontal projects for the preparation of SIs implementation, currently managed by the ACIS and CFCU (see also previous chapter).

<sup>137</sup> As a continuation of its position as Implementing Agency and Authority for the Phare ESC Component. Currently, due to the overlapping of the two programmes, i.e. Phare ESC and the ROP, the Ministry carries out both roles, through two separate general directorates.

<sup>138</sup> With one exception: for the PA 5, KAI 3, the Ministry for Small and Medium-Sized Enterprises, Trade, Tourism and Liberal Professions is the IB (see further).

only during the consultations carried out in the elaboration of the ROP, as stakeholder; it is not involved, as separate institution, in any way in the approval, management and implementation of the ROP. On the other side, the Regional Development Boards representatives are voting members of the Monitoring Committee, and they are not involved anymore in the project approval, as it was the case for Phare Economic and Social Cohesion Component. These shifts indicate clearly the fact that regionalisation, regional development and regional development policy currently do not represent priorities list for the Romanian government, but socio-economic development in its entirety.

#### **4.2.1 Managing Authority – Ministry of Development, Public Works and Housing**

In accordance with the Council Regulation (EC) No 1083/2006 and the Commission Regulation (EC) No. 1828/2006, and the *GD 361/2007, published in the Official Journal No. 285/2007*, regarding the organisation and functioning of the MDPWH, *GD No. 128/2006 published in the Official Journal No. 90/31.01.2006*, modifying the *GD No. 497/2004* regarding the setting up of the institutional framework for the coordination, implementation and management of structural instruments, the MA of the ROP bears the ultimate responsibility as regards the successful implementation of the ROP. In this respect, it has the following main competencies (see also the ROP, page 168):

##### **PROGRAMMING**

- Drafts in partnership and submits the ROP for approval to the Government/European Commission.

##### **IMPLEMENTATION**

- Prepares and signs agreements with the Intermediate Bodies for the effective implementation of the ROP at regional level;
- Elaborates the project selection criteria, and submits them for the ROP MC approval
- Establishes the launching schedule of the calls for proposals;
- Prepares and updates the ROP Implementation Procedures/guidelines;
- Takes the final decision with regard to the financing of the project applications and send this decision to the IBs;
- Works in cooperation with Ministries and other members of the public sector, and with economic and social partners in order to correlate the implementation of the ROP with the other operational programmes.

##### **STRATEGIC MONITORING**

- Sets up a Monitoring Committee for the ROP (ROP MC) within three months of the notification of the decision approving the ROP; agrees with the ROP MC the adoption of its rules of procedure within the Romanian institutional, legal and financial framework; elaborates procedures concerning the organization and functioning of the ROP MC; provides the secretariat of the ROP MC;

#### **OPERATIONAL MONITORING**

- reports to the ROP MC with regard to the ROP implementation on progress and the manner the agreements with the Intermediate Bodies are respected;
- Coordinates the elaboration of the Annual Implementation Reports and Final Implementation Report.

#### **EVALUATION**

- Carries out the evaluations of the ROP and coordinates the elaboration of the evaluation report.

#### **PUBLICITY AND INFORMATION**

- Elaborates and implements the Communication Action Plan.

#### **FINANCIAL MANAGEMENT AND CONTROL**

- Carries out sample checks of the projects financed through ROP;
- Authorizes the eligible expenditure based on the checks performed on the progress reports and other relevant documents received from the Intermediate Bodies;
- Takes corrective measures in case of irregularities;
- Performs the control of EU/national funds allocated through the ROP, in accordance with the national/EU legislation;

#### **AUDIT**

- Ensures the existence of adequate audit trails of the operations

### **4.2.2 The Intermediate Bodies – Regional Development Agencies**

The Regional Development Agencies and the Ministry of Small and Medium-Sized Companies, Trade, Tourism and Liberal Professions are the Intermediate Bodies of the Regional Operational Programme.

The 5<sup>th</sup> PA of the ROP, “Sustainable development and promotion of tourism” was initially covering only a series of operations to be implemented at local and regional level. The SOP Increase of Economic Competitiveness initially planned to finance the creation of a series of National Tourism Information and Promotion Centres in areas with significant touristic potential. During the negotiations of the Operational Programmes with the European Commission, the DG Regio suggested that investments in tourism should be carried out under the same OP, respectively the Regional Operational Programme. Due to this adjustment at programme level became the Ministry of Small and Medium-Sized Companies, Trade, Tourism and Liberal

Professions IB for the ROP KAI 5.3. “Promoting the tourism potential and setting-up the needed infrastructure in order to increase Romania’s attractiveness as tourism destination”.

As provided for also in the Law on Regional Development, the RDAs act as ROP IBs upon a signed agreement with the MDPWH, agreement stipulating the tasks the RDAs must fulfil in this position, and the financial implications of this collaboration, i.e. the RDAs render a series of services to the Ministry; in exchange, their operational costs need to be covered. The MDPWH, in its quality as MA, monitors the extent to which the RDAs fulfil their contractual obligations. The RDAs as ROP IBs fulfil the following main tasks (see also the ROP, page 165):

#### **IMPLEMENTATION**

- Launch the calls for proposals, according to the schedule established by the ROP MA;
- Ensure the development of project pipelines;
- Provide guidance to potential applicants in project preparation, respecting the principle of segregation of functions;
- Receive and register applications for funding support under the ROP, according to the relevant procedure;
- Check the administrative compliance and the eligibility of the applications submitted, in conformity with the criteria established by the ROP MA;
- Organize the technical and financial evaluation sessions, with the support of the *independent evaluators*;
- Report to the ROP MA on a regular basis with regard to the results of the evaluation process;
- Notify the applicants with regard to the stage of the evaluation process of their application;
- Conclude financing contracts with beneficiaries, following ROP MA’s decision to finance the proposed projects;
- Organize the strategic evaluation and provide the secretariat support for the Regional Committees for Strategic Assessment (RCSA).

#### **MONITORING**

- Monitor the implementation of approved projects, present technical progress reports to the ROP MA;
- Contribute to the elaboration of the Annual Implementation Reports and Final Report.
- Maintain up-to-date financial and statistical data at project level using the Single Management Information System (SMIS).

#### **AUDIT**

- Ensure that all the documents and procedures for the establishment of an audit trail are in place, in accordance with the relevant procedures.

### **EVALUATION AND REPORTING**

- Contribute to the ROP evaluation reports.

### **FINANCIAL MANAGEMENT**

- Receive payment claims from beneficiaries, verify (*not certify*) the accuracy and actuality of the expenditure, approve it and submit the report to the ROP MA together with payment endorsement;
- Carry out on-the-spot checks of projects
- Take action as agreed together with the ROP MA in the case of fraud, irregularities, and financial corrections
- Take action for funds recovery and send to the ROP MA reports concerning the debits to be recovered

### **INFORMATION AND PUBLICITY**

- Contribute to the delivery of the ROP Communication Plan at a regional level including local publicity, information and training events

As we can see from this table, the RDAs activity concentrates on projects implementation and on the operational level of monitoring and financial management. As regards the audit, programme evaluation, information and publicity, the RDAs have “soft” tasks, of preparing or making information available to the institutions responsible with the respective activities. The de-coupling between the Regional Development Plans and the ROP become obvious from this table, as the RDAs do not have any direct competencies regarding the Regional Operational Programme; as mentioned before, their contribution to this programme is made through the National Development Plan, which encompasses the RDPs, as well, in its analysis. As in accordance with the Council Framework Regulation 1083/2006 the National Development Plan is not required anymore, the role to be played by the RDAs in the programming exercise to be carried out for the future financial framework, 2014-2020 is unclear. In any case, this role will be determinant for regionalisation and regional development in Romania, as it will indicate to which extent willingness exists on the side of the central government to devolve some more competencies to a regional tier in the future.

### 4.2.3 The Regional Committees for Strategic Evaluation and Correlation

As mentioned before, eight Regional Committees for Strategic Evaluation<sup>139</sup> and Correlation<sup>140</sup> (RCSECs) are set up at regional level, i.e. one for each region.

The Regional Committees for Strategic Evaluation and Correlation, had, initially, an ambitious mandate. These committees supposed to ensure the coherence and synergy among the projects financed through all Operational Programmes in a region, and relate these back to the regional development strategies and plans, by *deciding*, at regional level, on all these projects. Nevertheless, as the other Managing Authorities were reluctant at conferring to the RCSEs decision-making rights on their programme implementation, it turned into a consultative body, with decision-making powers only as regards the ROP projects, a body which forms a sort of Regional Monitoring Committee, not empowered in any way to decide upon the projects financed through other programmes having an impact on the development of the region.

In accordance with the G.D. 764/2007, the legislative base for the RCSECs, two representatives of the *local public authorities* within the counties being a part of the region are members of the RCSES, in average 8-14 persons. An equal number of representatives of the *socio-economic environment*, i.e. NGOs, trade unions, professional associations, within the region are also invited as members of this body. Depending on the number of counties, the RCSESs have between 18<sup>141</sup> and 28 members<sup>142</sup>. The president of the RCSES is a County Council President, and member of the RDB. The representatives of the ACIS, Managing Authorities and IBs may take part as *observers* in the RCSES. The RDBs name, by decision, the composition of the RCSEC.

In accordance with the Art. 5 of the Framework-Regulation for the organisation and functioning of the RCSEC, approved by the same GD 764/2007, the main competencies of this Committee are (see also [www.inforegio.ro](http://www.inforegio.ro)):

#### IMPLEMENTATION

<sup>139</sup> Strategic evaluation: the process of establishing the extent to which the projects financed through ROP correspond to the regional development strategy, and their prioritisation.

<sup>140</sup> Correlation: the process of arranging, in time and space, the results of the projects proposed to be financed through all public programmes, in order to respond to the development strategy in a certain region.

<sup>141</sup> The RCSES Bucharest has 18 members, with a composition adapted to the specificity of the Region: each sector and the General Municipal Council are represented in the RCSES.

<sup>142</sup> For an example of RCSECs, see the web page of RDA South-East: <http://www.adrmuntentia.ro/doc1/pdf/Componenta%20CRESC%20Sud%20Muntentia.doc>



- To evaluate the projects received at regional level, from a strategic point of view, establishing their priority;
- To approve for financing through ROP the list of projects that are a priority for the region;
- To correlate at regional level the projects that receive or could receive money from public funds;
- To recommend to the Managing Authority of ROP improvements of replacements of the strategic evaluation criteria, as identified in practice, with a view to their re-approval by the Monitoring Committee;
- To send to the Managing Authority of ROP the list of decisions taken for each project that went through the strategic assessment;
- To send to the Managing Authorities opinions and conclusions of assessment sessions regarding the relevance of projects funded through ROP.

### **PROGRAMMING**

- To recommend to the Managing Authority of ROP possible reallocations of funds, either between key areas of intervention within the same priority axis or between the axes;
- To recommend lines of action for correlating the programmes implemented in the region. The recommendations will be presented to the Managing Authorities / Intermediary Bodies of Operational Programmes, to the National Plan for Rural Development and institutions that manage programmes funded from public funds.

Consequently, the main role of the Regional Committee for Strategic Evaluation and Correlation is to evaluate project applications from a strategic point of view, namely assessing whether the proposed projects are in line with the ROP objectives and with the Region's development strategy. "In addition, the Regional Committees for Strategic Evaluation and Correlation will *examine in general* the correlation of the projects that are financed under ROP with those financed under other sectoral operational programmes, National Rural Development Programme, the OPs under the European territorial cooperation Objective, and other publicly funded programmes." (ROP, page 170). The activity of the RCSEC results in two lists of projects: on one side, a list of projects recommended, and, on the other side, a list of projects not recommended to be implemented in the region from a strategic point of view. Nevertheless, we need to underline that the final decision on the projects to be financed remains with the MAs of the relevant programmes, therefore, the RCSEC activity might not have an impact on the projects which will unfold, in the end, in the region, and subsequently, to the development of the region.

With a more comprehensive mandate, the RCSECs could have had an essential role in assuring the necessary coherence and synergy of the projects implemented in the

region, with an impact on the development of the region as such. The need for such a correlation has been felt for a very long time by the Regional Development Agencies. During the discussion taken place at their headquarters in 2004 (see annexes 11-20) the need for a unified, general development strategy of the region, which would encompass all policies, programmes and finances involved in all counties was signalled by several RDAs directors. The RCSECs, although they have a weak mandate, are a first step in this direction. Another merit of this construction is the transparency and partnership it ensures in implementing the ROP, as the RCSECs brings together the civil society and socio-economic environment representatives.

#### **4.2.4 The Monitoring Committee of the ROP**

As provided for by the Council Regulation (EC) 1083/2006, a Monitoring Committee is set up for the Regional Operational Programme, as for each of the seven OPs. The Ministry of Development, Public Works and Housing chairs the ROP MC and the Managing Authority act as its secretariat.

The MC is composed of members with *voting* rights and *observers*<sup>143</sup>: to the first category belong the representatives of the *Regional Development Boards*, of the other Managing Authorities, including ACIS, and of the socio-economic environment at regional level, i.e. one representative per region. The representatives of the European Commission, of the *Regional Development Agencies*, Audit Authority, Certifying and Payments Authority and other institutions as Romanian Chamber of Commerce, National Institute of Statistics, National Forecast Commission, Romanian Associations of County Councils, Municipalities, Communes etc. take part in the MC meetings as observers. Although formally the representative of the European Commission is a non-voting member of the MC, in practice it has an important word to say in the decision taken by this committee.

In accordance with article 4 of the governmental decision no. 765/2007, for the setting up and functioning of the Monitoring Committee, this body:

#### **IMPLEMENTATION**

- examines and approves the evaluation and selection criteria for the ROP implementation proposed by the MA, and their revision;
- examines and approves the annual and final ROP implementation reports, as submitted by the MA;

<sup>143</sup> See <http://www.inforegio.ro/user/file/Componenta%20CM%20POR%20-%20anexa%201%20regulament.doc>, downloaded 18.12.2007, 18.40

- examines and approves the technical assistance strategy as elaborated by the MA.

#### **STRATEGIC MONITORING**

- regularly analyses the progress registered in achieving the objectives of the ROP, on the basis of the documents provided by the MA, and, if necessary, makes recommendations;
- examines the implementation results for each priority axis, and the evaluation results, in relation with the proposed objectives, and makes recommendations.

#### **EVALUATION**

- examines and approves the Multi-annual and Annual Evaluation Plans of the ROP, as proposed by the MA.

#### **AUDIT**

- it is informed as regards the results of the yearly audit mission on the ROP implementation, and on the opinion of the European Commission on these results.

#### **PROGRAMMING**

- it may propose to the MA to revise/update the ROP, with a view to reaching its objectives and/or improving its management, including financial;
- examines and approves the proposals to re-allocate finances between PAs, KAIs, and regions.

#### **INFORMATION AND PUBLICITY**

- it is informed as regards the communication plan and its implementation, and about the horizontal themes.
- modifies and approves its rules of organisation and functioning, when necessary.

In accordance with the European Council Regulation (EC) 1083/2006, art. 65 and 66, the main role of the Monitoring Committee is to approve the projects appraisal and selection criteria elaborated by the MA, and their revision, if necessary. Further, it examines and reviews the implementation of the ROP, on the basis of the data collected for the set up indicators system and in the light of its objectives and set targets, approves the implementation of the annual and final reports, and may propose revisions of the programme, if considered necessary for a better fulfilment of its objectives, on the basis of undergone evaluations as well. It also approves the MA proposals for financial reallocation submitted to the European Commission.

The MC has a very similar role with the Joint Monitoring Committee convening for the Phare programme, especially after 1<sup>st</sup> of January 2007, when, after passing to the Extended Decentralised Implementation System, the European Commission started

playing a diminished role in the framework of this body. The strategic monitoring carried out within the Monitoring Committee is underpinned by the operational monitoring carried out by the RDAs, under the coordination of the MA, with the support of the SMISystem. As Mr. Friptu, the General Director of the MA ROP said during the first meeting of the MC, this body is a *management* committee and the discussion during its meetings will focus on the programme level as such and not on the project-level, respectively on individual projects implemented through ROP<sup>144</sup>.

## **5 The Human Resources Development OP and the SOP Environment: programmes implemented, fully or partially, at regional level**

As presented in the previous chapter, the Phare Economic and Social Cohesion component represented a programming, management and especially implementation “exercise” for a series of institutions envisaged to be involved in similar activities, but related to structural funds, upon Romania’s accession to the European Union. Although we delimited here regional development policy as being only one programme out of the seven which implement European Cohesion Policy at national level, respectively the Regional Operational Programme, due to the initial rooting of the Phare ESC Component in the (by then named) Regional Policy of the EU, the idea of regionalisation was preserved after 2007 in the case of two other Romanian OPs: the SOP Environment and SOP Human Resources Development.

The SOP Environment<sup>145</sup>, whose MA is the Ministry of Environment and Sustainable Development, is implemented through 8 Intermediate Bodies, organisations *subordinated* to MESD, financed from the state budget and set up for each of the eight development regions, within the Regional Environmental Protection Agencies. According to the SOPE (page 104, 107), their main responsibilities are related to *programming, monitoring, controlling and reporting activities* as they have also been involved in the monitoring of ISPA projects in their region and in the development of grant schemes of environmental projects run under PHARE. As in the case of the Regional Operational Programme, respectively the relationships between the MDPWH

<sup>144</sup> See the minutes of the MC meeting on 16<sup>th</sup> of August 2007, page 4, [http://www.inforegio.ro/user/file/proces%20verbal%20CMPOR%2016%20aug\\_07\\_final.doc](http://www.inforegio.ro/user/file/proces%20verbal%20CMPOR%2016%20aug_07_final.doc), 18.01.2008, 12.30.

<sup>145</sup> For an overview on the Priority Axes and Key Areas of Interventions of the SOPE, see Annex no.7

and the RDAs, the delegation of activities from the MESD as MA to the IBs is regulated by a written agreement.

In the case of the SOPE, the *beneficiaries*, mainly local public authorities, play the main role in the *management and implementation* of the approved interventions, including the tendering and contracting of the services and works related to their projects. The 8 IBs for the SOPE are:

- IB for SOP ENV Bacau for Region North-East
- IB for SOP ENV Galati for Region South-East
- IB for SOP ENV Pitesti for Region South-Muntenia
- IB for SOP ENV Craiova for Region South-West
- IB for SOP ENV *Timisoara* for Region West
- IB for SOP ENV *Cluj-Napoca* for Region North-West
- IB for SOP ENV Sibiu for Region Centre
- IB for SOP ENV *Bucuresti* for Region Bucharest-Ilfov

Despite having as jurisdiction the NUTS II development regions, and alleged strong collaboration with the Regional Development Agencies in the same region (as regards European funds implementation), only in three out of eight cases the REPAs are located within the same city as the RDAs. Choosing a particular location for the REPAs had a political background and it is the result of inter-counties negotiations; however, this choice of a different location may impact negatively on a permanent communication and cooperation between the two regional institutions, needed for the coherent stimulation of regional socio-economic development.

A more complex implementation structure was put in place for the SOP Human Resources Development, as the interventions financed under this SOP are more divers (see Annex no 8). The Managing Authority, i.e. the Ministry of Labour, Family and Equal Opportunities, implements this OP with the support of several IBs: 8 Regional IBs under the MoLFEO subordination; the National Agency for Employment; the Ministry of Education, Research and Youth; the National Centre for Technical and Vocational Education Development; 2 Intermediate Bodies to be designated based on a public procurement process in respect of the EU regulations and national legislation.

In accordance with the SOP HRD, (page 128) the rationale of setting up 8 regional IBs was for the programme to tackle more effectively and efficiently the regional disparities on adaptability of workers, entrepreneurship, access on the labour

market and social inclusion. For this purpose the 8 Regional IBs are responsible for the implementation of **Priority Axis 3** “Increasing adaptability of workers and enterprises”, **Key Areas of Intervention 1** “Promoting entrepreneurial culture” and **2** “Training and support for enterprises and employees in order to promote adaptability”; **Priority Axis 5** “Promoting active employment measures”, **Key Area of Intervention 1** “Developing and implementing active employment measures” and **Priority Axis 6** “Promoting social inclusion”, **Key Areas of Intervention 2** “Improving the access and participation of vulnerable groups to the labour market” and **3** “Promoting equal opportunities on the labour market” (totalling approximately 865 million Euro, close to 20% of the entire OP financial allocation).

As in the case of the SOPE, the 8 Regional IBs correspond to the 8 development regions and function under the MoLFEQ subordination and support the implementation of SOP HRD in those areas where experience was gathered during the implementation of Phare Programme 2004-2006 (SOP HRD, page 128).

## **6 Analysis of the institutions involved and their weight in each policy-making step identified**

If in the previous sub-chapters we identified all actors involved in the management and implementation of the ROP, here we will analyse their power position in accordance with the competencies identified in the methodological framework: **programming, implementation, strategic and operational monitoring, evaluation, audit, financial management (certification, payment and control), information and publicity.**

### **Programming**

The programming competency is the most “shared” among different institutions. Nevertheless, each of them have different weights in this respect. In terms of decision-making, the most important players are the European Commission, which approves the NSRF (partially) and the Operational Programmes, including the ROP and, at national level, the Ministry of Economy and Finance, as coordinating body, and the Ministry of Development, Public Works and Housing, i.e. as Managing Authority, which draft the ROP in collaboration, with the input from the Regional Development Agencies and other socio-economic actors. As explained in the previous chapter, the RDAs input is not fed directly in the ROP, but, in a first phase, in the National Development Plan

2007-2013. The Regional Development Plans 2007-2013, far more complex than the previous ones, serve as main sources for the Regional Operational Programme, nevertheless, they set up a series of priorities which are to be financed from different OPs and other (than the ROP) budgetary sources, including the National Plan for Rural Development. In practice, drafting the RDPs proved a good exercise for the RDAs, but they play a limited role in its implementation, i.e. only to the extent the RDPs priorities are financed from the ROP. In addition, the RDPs, for the current and previous programming cycles, limit themselves to analysis and strategy and do not set up a separate, *RDP specific*, implementing, monitoring, evaluation, audit, financial management mechanisms. Even the RDP 2007-2013 of the North-West Regions, the most complex and comprehensive of all, describes the ROP implementation mechanisms and the contribution of the RDA to this process, rather than an overall approach to the regional plan achievement. According to the same plan, the RCSEC is the body monitoring the RDP implementation, while the RDB is mentioned only shortly as it approved the RDP (see section IV implementing system, page 222).

As underlined before, the ROP mentions the National Board for Regional Development as one of the institutions consulted during the drafting process, but no decision-making competency is attributed to this body in this respect.

### **Implementation**

The Regional Development Agencies, as IBs, play a significant role in implementing the programme. Nevertheless, the MDPWH is deciding on the evaluation and selection criteria, approved by the Monitoring Committee; it also decides the implementation schedule, prepares the necessary documentation, i.e. applicants guides etc., and has a final word on the projects to be approved under the ROP. Taking into account the composition of the Monitoring Committee, it is important to underline that the Regional Development Boards enjoy the competence of approving the appraisal and selection criteria, but formally, they do not play any role in deciding the projects to be financed under ROP.

### **Strategic and operational monitoring**

As closest to the implementation level, the Regional Development Agencies are supplying the SMIS with data regarding the projects approved and financed under ROP,

along their unfolding, on the basis of the indicators and targets decided in the ROP and FDI by the MDPWH and European Commission. Nevertheless, the data is aggregated at Ministry level in the annual implementation reports to be submitted for approval to the Monitoring Committee and the European Commission.

At strategic level, the Monitoring Committee oversees the peace of the ROP implementation (from the macro-perspective), in all its aspects, including evaluation and audit, and eventual re-programming and re-allocations.

### **Evaluation**

The MDPWH is responsible for the evaluations to be carried out for the ROP. Nevertheless, this happens under the close coordination of and in collaboration with the Evaluation Central Unit within ACIS/MEF, which organises and/or offers the necessary assistance to the Evaluation Unit within the MA, as regards the drafting of procedures, evaluation plans, terms of references, coordination of evaluation projects and providing overall quality assurance activities to ensure the quality of all evaluations. The RDAs have limited input into evaluation, they mostly make themselves available to evaluators, if approached. Nevertheless, the Monitoring Committee approves the evaluation plans, multi-annual and annual, and examines the evaluation reports; on their basis it may make recommendations for re-allocation and/or re-programming.

### **Audit**

The audit competence is shared at national level between the MDPWH and the Audit Authority. As in all Management Authorities, an Internal Audit Unit is established within the MDPWH, independent from the general directorate performing the tasks of MA, and directly subordinated to the Ministers. The IAUs within the MAs, including the IUA within the MDPWH, are coordinated from a methodological point of view by the Central Harmonizing Unit for Public Internal Audit (CHUPIA), localised in the Ministry of Economy and Finance. The CHUPIA mostly develops and implements uniform procedures and methodologies based on international standards agreed by the European Union, including internal audit manuals and audit trails, and elaborates ethical codes, methodological norms and reporting systems for the IAUs.

According to the ROP, as in the case of evaluation, the RDAs have a limited input in the audit activities to be carried out for the ROP, despite the fact that each of



them have their own audit unit, created for the implementation of the Phare ESC Component (see previous chapter). At the same time, the MC is only informed as regards the results of the carried out audits.

### **Financial management (certification, payment and control)<sup>146</sup>**

The Ministry of Economy and Finance, through the Certifying and Paying Authority is finally responsible with the ROP implementation from a financial point of view; nevertheless, expenditure verification is firstly done at RDAs and Ministry levels. Both institutions, the MDPWH and the RDAs, are also actively involved in controlling, identifying irregularities and taking remedial actions; regarding payments; the RDAs collects the payment claims from the beneficiaries, and transmits them to the MA; the Ministry makes the approved payments towards the beneficiaries, upon the disbursements managed by the CPA.

### **Information and publicity**

As this aspect has become increasingly important, ACIS/MEF elaborated a General Communication plan and coordinates the activity of the MDPWH and of the RDAs in this field. The Communication Plan elaborated by the MDPWH specifically for the ROP and its stakeholders, with input from the RDAs, is submitted for information to the MC and implemented by the MA, with the RDAs cooperation.

## **7 Conclusions**

The competencies analysis carried out above underlines *the major role the national authorities play in the management and implementation of the regional development policy* in Romania. This conclusion validates our hypothesis, presented in the introductory chapter, that Romania practices at this moment a type one of regional development as presented in Claval 1998.

As cumulus of competencies, the *Ministry of Economy and Finance* has a paramount position in the management and implementation of the Regional Operational Programme, through three departments: *1. the Authority for the Coordination of Structural Instruments, 2. the Certifying and Paying Authority and 3. the Central Harmonizing Unit for Public Internal Audit (CHUPIA).*

<sup>146</sup> see Annex no 9

As the ACIS elaborated the National Development Plan 2007-2013 and coordinated the entire process of OPs drafting it influenced significantly this process. The evaluation competency is concentrated at ACIS level as well, in the Evaluation Central Unit, which coordinates the evaluation activities carried out at NSRF level, supports the activity of the ROP Evaluation Unit and takes appropriate measures to strengthen the evaluation capacity of both demand and supply side in Romania. One ACIS representative is a voting member of the ROP Monitoring Committee, while, for example, other ACIS members participate to the MC proceedings, i.e. ECU, as non-voting member. The setting up of the SMIS and of the eligible expenditures list was carried as well under the close coordination of ACIS.

Through the Certifying and Paying Authority, the MEF plays a pivotal role in the financial management of the ROP, as interface between the programme level and the European Commission. As the disbursement principle is applied in implementing the structural instruments, it is of major importance that the beneficiaries receive clear information as regards the types of eligible expenditures, and that the RDAs and the Managing Authorities oversee thoroughly their application in project implementation. Nevertheless, if at MDPWH and RDAs level expenditures are authorised, respectively verified, the CPA needs to certify them in order to be able to submit payment claims to the European Commission.

***The Ministry of Development, Public Works and Housing*** is the central actor enjoying decision-making powers as regards the construction of the programme and the strategic choices it encompasses. It also closely manages the programme implementation, by mastering the first and the last links in this process: decides on the KAIs'/operations launching schedule, drafts the necessary documentation, and has the final word regarding the projects to be financed under ROP. As regards monitoring, although SMIS data entry is done by the RDAs, the Ministry manages the system, and finally uses it for the purpose of implementation reporting to the European Commission. It also supports the activity of and participates with full voting rights in the Monitoring Committee. The MDPWH also is exclusively in charge with the evaluation of the ROP. It plays also the most significant role from the implementation side as regards audit, financial management and information and publicity.

The *Regional Development Agencies* are an institutional tool for the implementation of the ROP, under the management of the MDPWH. They carry out specific tasks as prescribed by the Managing Authority, i.e. programming, evaluation, audit, expenditures certification, but they do not enjoy decision-making power in of these policy phases. Project appraisal and selection, the bulk of the implementation work, is carried out using external expertise, and the RDAs do not have voting rights in the Monitoring Committee. The RDAs do represent significant centres of technical expertise as regards implementation of a series of regional development measures, but in terms of regional development as such, further than being able to carry out the analysis of the socio-economic situation in the region, the SWOT analysis, and, to set up a list of development priorities based on these analyses, they make little difference.

Even less difference make the other institutions set up for regional development in Romania, respectively the *National Board for Regional Development* and the *Regional Development Boards*. Their role actually decreased in comparison with the Phare ESC Component. The former was only consulted during the ROP elaboration, while the latter's position decreased as members of the Monitoring Committee. Even if they have voting rights as members of this committee, given its limited role, and especially the fact that it does not approve the projects anymore, the competencies of the RDB are significantly reduced. Further than approving the Regional Development Plan, they do not seem to carry out any of their tasks as regulated by the Law on Regional Development no. 315/2004.

One may say that the *RCSECs* compensate for the power lost of the RDBs, but this happens to a very limited extend, as they have a different composition and different attributions. The purpose of their setting up, i.e. assuring the coherence among different interventions, financed from different programmes, EU or/and national, carried out at regional level, would have served tremendously to regional development; nevertheless, as the scope of the RCSEC competences is limited to the ROP and not to all programmes and interventions, its decision will not have a significant impact on the “regionalisation” of development policy in Romania.

## CHAPTER VI. CONCLUSIONS

The concepts of regional development, regionalization, regionalism in all aspects, i.e. institutional, cultural-historical/identity, socio-economic etc., represented the starting point for this research project. Nevertheless, considering the intimate link between regional development in Romania and the Regional, nowadays Cohesion, Policy of the European Union, the regional development process in this country could be analyzed only in the context of this European Policy. As the timeframe covered by this material stretches from 1998, when the first measures for setting up a regional level were taken, until nowadays, when this regional framework is (at least for the next 5 years) settled, conclusions on both this evolution and on the perspective for this process can be drawn.

As presented in the introductory chapter, this research project sought to analyse

- ✓ to what extent the Romanian regional development policy-making system is organised in and functions at several levels,
- ✓ which are the most significant institutions involved and
- ✓ at which level they enjoy more decision making power vis-à-vis the SIs programming, implementation, monitoring, evaluation, financial management and control, and audit.

The focus of the research was on the role played by the regional institutions, i.e. the *Regional Development Agencies* and *Regional Development Boards*, in the framework of the regional development policy in Romania as defined here, respectively the Phare Economic and Social Cohesion Component and the Regional Operational Programme. The analysis was based on a methodology derived from Multi-Level Governance theory, as developed by Gary Marks and Lisbeth Hooghe. The choice of the MLG theory for this analysis is justified by the fact that it is not enough to analyse the existing regional institutions and their formal competences in a vacuum; in order to draw a valid conclusion on the weight of the regional actors in the framework of the regional development policy, these institutions need to be seen against the background of the entire picture and in their relationship with all the other institutions/layers in this policy.

## 1. Type of MLG in Romania

On the basis of the theoretical model for multi-level governance developed by Gary Marks and Lisbet Hooghe, the Romanian governance system, as a whole, represents a type I of MLG. A limited number of jurisdictions, nested as “Russian dolls”<sup>147</sup>, fulfil a series of functions, shared and/or divided specifically for each policy, i.e. *national* level/central government; *county* level/county councils, prefects; *municipalities* level-city/commune council, mayors. Although a series of bodies function at a *regional* level, these institutions are not directly (at regional level) politically legitimised and limit their activity to a large extent to the implementation of the regional development programmes set up at central level, while the regions are not administrative-territorial units. Therefore, this structure chosen for the implementation of the pre-accession and Structural Instruments in Romania cannot be considered as embodying a regional governance layer.

## 2. Upward diffusion of authority

The steering process in Romania has been already been influenced by the international “trend” towards diffusion of central authority to higher layers. This transfer process has taken place in parallel, and as a consequence of the efforts Romania has made, after 1990, to integrate into the Euro-Atlantic structures. In this context NATO and the European Union have had the strongest influence on the Romanian policy and decision-making actions, influence/penetration sealed once Romania became a member of these two international organisations.

The particular power position the European Union/Commission has enjoyed in regional development has been assured by the accession talks and the negotiations taking place on Chapter 21 „Regional policy and the coordination of structural instruments”, and, after 1<sup>st</sup> of January 2007, by being the initiator and ultimate coordinator of EU Cohesion Policy implementation.

The enlargement talks had a particular objective, namely to bring Romania to a level which would allow it to become a member of the EU, mainly through the

<sup>147</sup> As concluded in the chapter 3, although the Constitution declares the administrative-territorial levels of governance as autonomous, acting independently from each other, in practice the lower local level, especially the small towns and the communes, still find themselves in a subordinate position in relation to central government.

transposition of the *acquis communautaire* into national legislation and its implementation; during these talks the areas where measures needed to be taken by the Romanian government with this purpose were identified; subsequently, the EU provided financial support to the Romanian authorities to implement these measures. Although the term “negotiations” is used “*sui generis*” to describe this process, Romania had limited “*espace de manoeuvre*” in this framework, as its membership was ***conditional*** on the fulfilment of the established enlargement criteria. In this process the European institutions, especially the European Commission and the Council, ultimately, the European Parliament as well, enjoyed an almost absolute decision-making power.

Narrowing down to regional development, this axiom applies to both the Phare ESC Component, as part of the PHARE National pre-accession support programme, and the Structural Instruments/ Regional Operational Programme, as their financing depended fully on the approval of the European Commission of the plans and programmes developed for their implementation, plan and programmes comprising also a detailed description of the institutional arrangements put in place for this.

As substantiated in the fourth chapter, in the context of the Phare ECS Cohesion, the European Union decided, firstly, the total budget to be allocated to Romania, and its detailed distribution, through the Sector and Project Fiches. The competency of finally approving these fiches also marks the significant role of the Commission in the pre-accession aid programming phase, which was finalised in 2007 (the latest programming exercise being carried out for the Transition Facility).

As regards the other phases of the policy cycle, i.e. implementation (including contracting), monitoring, evaluation and audit, the shift from DIS, Decentralised Implementation System, to EDIS, the Extended Decentralised Implementation System implied the waiving of ex-ante control by the European Commission/Delegation during implementation, and the full decentralisation of the monitoring competence and interim evaluation.

Under DIS, the European Commission/Delegation endorsed all documents circulated in the implementation phase: project evaluation reports, project contracts, changes in the project fiches etc., while under EDIS the Implementing Agencies, i.e. the Romanian Ministries, bear the full responsibility of implementation. The same is true for the monitoring of reports, which are endorsed by the Commission/Delegation and discussed in the Sectoral Sub-Monitoring Committees and in the Joint Monitoring

Committee. Under EDIS, the Commission/Representation participates as observers in these committees.

As regards evaluation, the shift to EDIS involved transferring the responsibility of the interim evaluation of the Phare programme to the National Aid Coordinator; nevertheless, the Commission still enjoys ex-post competencies, regarding both evaluation and audit, a competency which, for the implementation phase, is still shared with the Implementing Agencies and the Romanian Court of Account/Audit Authority. Regarding audit, the Commission has the last word on financial matters, as the requests for payment submitted by the NAO are finally paid by DG Regio.

The initial idea as regards the shift to EDIS was for the Romanian authorities to be able to manage for a while Cohesion Policy-like programmes on their own, without the co-responsibility of the Commission/Delegation, in order to practice their skills in the managing and implementation of the real SIs. As the programming and implementation of Phare 2004 ESC overlap to a large extent with the Regional Operational Programme, and the EDIS was granted to the Ministry of Development at the very end of 2006, this intermediate phase did not take place.

With the Regional Operational Programme, the European Union again enjoys significant decision-making power. As regards the budget as such, the central idea regarding the funds allocated was not their amount, in the sense that the Romanian side would have argued to receive more, but the absorption of what was already allocated to the country. The negotiations with the Commission in this sense were carried out not on the amounts, but on the priority axis and the key areas of intervention, and on the institutional arrangements and competency distributions which would assure the efficient and effective implementation of the funds. Nevertheless, in comparison with the Phare ESC, especially in its DIS period, the Commission, even if it decided on the NSFR and the OPs, does not have any decision-making rights as regards the specific projects to be implemented (with the exception of major projects). Beyond implementation, the Commission also has less power especially as regards monitoring and evaluation, but also audit. The strongest formal tool the Commission still has is the audit competency, and, related to this, the possibility of not reimbursing funds if the projects were not implemented according to the rules, especially those on eligible expenditures. Informally, since for Romania this is the first programming period in which Structural Instruments are being implemented, most probably the “dependency” on the Commission guidance and assistance is still significant, and this leaves an open

door for more interference and for the influence of the European level in the national affairs.

*The shift from Phare ESC to Regional Operational Programme involves a decrease of the European Commission power; nevertheless, as we will see further, the main beneficiary of this transfer is the central government, and not the regional institutions or the local governance level.*

### **3. Downward diffusion of authority – regional and local dimension**

As narrowed down in the introductory chapter, the Phare Economic and Social Cohesion Component and the Regional Operational Programme embody regional development policy in Romania. As presented in chapter five, two other OPs, i.e. the Human Resources Development OP and the Environment OP, and the National Rural Development Plan have regional intermediate bodies, but these are deconcentrated institutions, acting under the subordination of the Ministry/MA.

In the framework of the Phare ESC Component, the **RDA**s fulfil the Implementation Authority role for a part of the Phare ESC priorities. The competencies of the RDAs are mainly limited to project implementation (appraisal and selection, monitoring, control). They do contribute to the programming phase, but indirectly; the Regional Development Plans elaborated by the RDAs served as a source for the National Development Plans, and the Phare ESC priorities were decided by the MEI/MDPWH with the European Commission taking into account the RDPs priorities, but not reflecting them completely.

The **Regional Development Boards** do enjoy decision-making rights both in the programming and implementation of the Phare ESC, since they approve the RDPs and the lists of projects appraised and selected by the RDAs. As their representatives are members in the NBRD, they also approved the National Development Plans. Nevertheless, we should underline the fact that these boards are composed of representatives of the local authorities, mostly promoting their local interest. As repeatedly mentioned, the **National Board for Regional Development** hasn't been very successful in carrying out its strategic tasks related to the promotion of regional development. Its role was limited to the approval of the National Development Plan, of the appraisal and selection criteria for the Phare ESC and of the large infrastructure and



HRD projects; as a consequence, it was convened rarely, mainly when it needed to exercise these formal competencies.

As concluded in the fourth chapter, if we compare the pre-accession period with the 2007-2013 programming period, the Phare ESC represents rather a predecessor of the National Strategic Reference Framework 2007-2013 than of the Regional Operational Programme 2007-2013. Despite the fact that the sums the MDPWH/RDAs/RDBs implement between 2007-2013 are considerably higher than the budget of the Phare ESC, the role of the institutions responsible for regional development in Romania, at both regional (RDBs) and national level (NBRD), decreased as regards the management and implementation of the NSRF/Structural Instruments, in terms of their weight in policy elaboration and implementation. Their responsibilities are limited to the Regional Operational Programme, which deploys 20% of the total allocated funds; within the ROP delivery system, the role of the RDAs remain, more or less, the same, but some of the competencies of the RDBs are taken over by the MDPWH as the Managing Authority (project approval, see further).

The *Regional Development Agencies* remain an institutional tool for the implementation of the ROP, under the management of the MDPWH. They carry out specific tasks as prescribed by the Managing Authority, i.e. programming, evaluation, audit, expenditures certification, but they do not enjoy decision-making power in any of these policy phases. Project appraisal and selection and the bulk of the implementation work, is outsourced, and the RDAs do not have voting rights in the Monitoring Committee. The Agencies do represent significant centres of technical expertise as regards implementation of a series of regional development measures, but in terms of regional development as such, beyond being able to carry out the analysis of the socio-economic situation in the region, the SWOT analysis, and establishing a list of development priorities based on these analyses, they make little difference. As underlined in the fourth and fifth chapters, the Regional Development Plans, including the ones drafted for the 2007-2013 programming period, stop at establishing the strategy, and do not contain detailed information on the RDPs financing sources, on the implementation, monitoring and the delivery system of the plan.

The other institutions set up for regional development in Romania make even less difference. These are the *National Board for Regional Development* and the

**Regional Development Boards.** The former was only (formally) consulted during the ROP elaboration and it did not approve the National Development Plan 2007-2013; the National Coordination Committee took over this competence after 2004. The position of the RDBs became less prominent as members of the Monitoring Committee. Even if they have voting rights as members of this committee, given its limited role, and especially the fact that it does not approve the projects anymore, the competencies of the RDB are significantly reduced. Further than approving the Regional Development Plans, they do not seem to carry out any of their tasks as regulated by the Law on Regional Development no. 315/2004.

The **Regional Committees for Strategic Evaluation and Correlation** could have made a tremendous contribution to the synchronisation of all interventions from different OPs in the region, and, consequently, could have created a sound base for genuine regional development. This would have been necessary, as the Regional Development Plans are only partially financed through the ROP, the rest necessitating interventions from other OPs; nevertheless, as the RCSEC was attributed decision making power only as regards the projects financed from the ROP and not for all public interventions in the region, its decision will not have a significant impact on the “regionalisation” of development policy in Romania.

Law no. 315/2004 on regional development creates a framework and the institutions for regional development strategies, plans and programmes to be elaborated, managed and implemented. In practice, this regional development policy comes down to the Regional Operational Programme, and the institutional structures and competences arrangements related to this OP, which depart, to a certain extent, from the legal framework.

The local authorities at both levels, counties and (rural and urban) municipalities, are involved in regional development policy directly, as members of the Regional Development Boards (nevertheless, this is valid only for some of the representatives in each county), and indirectly, as beneficiaries of the funding. As members of the RDB, they act mostly in their local interest, and less for the “good” of the development region as such. As beneficiaries of funds, they need to possess solid knowledge on planning and programming, project management and technical, content-

related expertise in the fields where they try to invest. They also should have the financial capacity to finance or co-finance these programmes/projects, and most importantly, the will to do so.

As presented in the third chapter, in the most recent years several measures have been taken in order to strengthen the capacity of local administration, from both planning/technical and financial points of view. These measures didn't have the necessary impact. Therefore, in 2006 a new package of laws on local public administration was passed. These laws resolve certain shortcomings of the previous arrangements, especially as regards the budgetary distribution to the local levels, and offer local administration important tools to stimulate them to plan and induce socio-economic development in the territory under their jurisdiction, but the impact of these new laws is not known, yet.

Further than the central government position on the issue of regionalisation, the important role the counties, the superior tier of the local administration in Romania, play in both the governing process and the population mental framework, will act as a brake on a process of regionalisation which will imply shifting up powers from the county to the regional level.

#### **4. The central governance level and its role in regional development in Romania**

All three core chapters of this research project (III, IV, V) revealed the strong position of power the central government enjoys, from both a formal and an informal point of view, in the framework of regional development policy. The informal characteristics of the governance and administrative act in Romania presented in chapter three reinforce this balance of power. Although the local administrative levels are, formally, autonomous and not subordinated to the central levels, in practice this subordination is, to a large extent, still the case. The political actors ensure this dependency, of administration from politics and of local levels from the influence of central government. The impact of the recent measures which should strengthen the capacity and position of the local administration is still not known. Nevertheless, taking into account the "incremental" rhythm of the administrative reform process in the last years, and the fact that cultural factors change only in long term, we can expect that this process will be completed in the best case in the long run (20 years) and on the

assumption that the political actors, at all levels, will agree on and implement the necessary measures to achieve this goal.

In the framework of the Phare ESC Component, *the Ministry of Public Finance/Ministry of Economy and Finance* concentrated, especially after 2004, a significant number of competences:

- ✓ programming, monitoring, evaluation, through the National Aid Coordinator,
- ✓ financial management and control, through the National Authorising Officer, and partially
- ✓ audit, through the internal audit structure.

After the shift from DIS to EDIS took place, the MEF was fully in charge of the monitoring and evaluation of Phare National Programme (including Phare ESC).

In respect to the ROP, the *Ministry of Economy and Finance* has a paramount position, through three departments: *the Authority for the Coordination of Structural Instruments, the Certifying and Paying Authority and the Central Harmonizing Unit for Public Internal Audit (CHUPIA)*.

As the ACIS elaborated the National Development Plan 2007-2013 and coordinated the entire process of OPs drafting, it significantly influenced this process. The evaluation competency is concentrated at ACIS level as well, in the Evaluation Central Unit, which coordinates the evaluation activities carried out at NSRF level, supports the activity of the ROP Evaluation Unit and takes the appropriate measures to strengthen the evaluation capacity of both programme evaluation demand and supply side in Romania. One ACIS representative is a voting member of the ROP Monitoring Committee, while, for example, other ACIS members participate in the MC proceedings, i.e. ECU, as non-voting member. The setting up of the SMIS and of the eligible expenditures list was also carried out under the close coordination of ACIS.

Through the Certifying and Paying Authority, the MEF plays a pivotal role in the financial management of the ROP, as interface between the programme level and the European Commission. As the disbursement principle is applied in implementing the structural instruments, it is of major importance that the beneficiaries receive clear information as regards the types of eligible expenditures, and that the RDAs and the Managing Authorities oversee thoroughly their application in project implementation. Nevertheless, if at MDPWH and RDAs level expenditures are authorised and verified,

the CPA needs to certify them in order to be able to submit payment claims to the European Commission.

The *Central Harmonizing Unit for Public Internal Audit (CHUPIA)* plays an important role at national level as regards the audit function, together with the Audit Authority.

*The Ministry of European Integration/Ministry of Development, Public Works and Housing* was, for one year (2004), the most important institution for the Phare ESC, as in this year both the National Aid Coordinator and the Implementing Agency for Phare ESC acted in its framework. After 2004 the MIE preserved only the later position; the elaboration of the National Development Plan competency left the MEI together with the NAC; in this context, the MEI/MDPWH remained responsible for the drafting of the Phare Programming Document 2004-6, under the coordination of the Ministry of Public Finance/NAC. The MEI/MDPWH bears the final responsibility as regards the technical and financial implementation of the Phare ESC 2004-2006.

In its role as Implementing Agency, the MEI/MDPWH enjoys *decision-making rights* in all phases of the policy cycle: it coordinates the drafting of the RDPs, and elaborates the Phare ESC Programming Documents, it sets up the project appraisal and selection mechanism, it launches the measures/calls for proposals, it approves the list of projects selected by the RDAs and it coordinates the monitoring and the financial management of the component. It acted, in these respects, very much as a Managing Authority of an Operational Programme under the EU Cohesion Policy.

In respect to the ROP, the MDPWH represents the central actor enjoying decision-making powers as regards the construction of the programme and the strategic choices it encompasses. It also closely manages the programme implementation, by mastering the first and the last links in this process: decides on the KAIs'/operations launching schedule, drafts the necessary documentation, i.e. appraisal and selection criteria, the applicants guide, and has the final word regarding the projects to be financed under the ROP. As regards monitoring, although SMIS data entry is done by the RDAs, the Ministry manages the system, and finally uses it for the purpose of implementation reporting to the European Commission. It also supports the activity of and participates with full voting rights in the Monitoring Committee. The MDPWH also is exclusively in charge with the evaluation of the ROP. It plays also the most

significant role from the implementation side as regards audit, financial management and information and publicity.

*Comparing the two periods and policies, we could say that the framework for the implementation of structural instruments as a whole witnesses a “decentralising” movement. Firstly, as previously explained, the role of the European Commission decreased; secondly, the Managing Authorities and their competencies were clearly established by law, while within the Phare ESC Component they were “ministries technically responsible” for different ESC measures, falling outside the “institutional roles” created for the management and implementation of this component, i.e. Implementing Authorities or Agencies. The Ministries took over some competencies from the coordination level: monitoring and partially, evaluation. Nevertheless, this “decentralisation” is rather a clarification and re-arranging process, at central level, of the institutions in charge of European funds, and stopped at central government level; the regional level was actually slightly striped of some of its competencies under the Phare ESC, i.e. the project approval competency was fully taken over by the Ministry of Development.*

As Hooge&Marks state, “a weighted measure of multi-level governance must take account of formal and informal power relations among jurisdictions” (Hooghe&Marks, 2001a:2). The analysis of the formal relationship between jurisdictional levels proved the centrality of the institutional system in place for the implementation of regional development policy. The presentation of the public administration history, culture, and “modus operandi”, without bringing direct evidence of systemic malfunctioning, supports and even strengthens the conclusion of the formal analysis. The central authorities exercise, through political and administrative channels, a strong influence on local authorities, which are, in their turn, paternalistic and display a rent-seeking behaviour. The principles of “local autonomy” and “decentralisation” still need some time to become the real basis for the public administration organisation in Romania and for the relationship between its layers.

## **5. Path dependency issue in regional development in Romania**

Hooghe and Marks assert that, in a type I MLG system, the barriers to change in the distribution of jurisdictions or of competences inside a jurisdiction are very high (see the last paragraph of the point 3 of these conclusions, as well, page 179). Two things should happen in order to create a new jurisdiction. Firstly, reformers must coordinate to bring the change about. Secondly, they must overcome whatever decisional barriers stand in their way (Hooghe&Marks, 2001a:15). The more rooted a jurisdiction is in other institutions, the higher the barriers to change, and since the decision to “give away” competencies is taken by the actors in power, interests already organized and vested in established jurisdictions will benefit from this power shift. Therefore, a level of governance, once established, is likely to behave as a magnet for additional competencies, even if this is not optimal from a pure efficiency standpoint. Path dependency arises due to increasing returns to concentration of competencies in existing jurisdictions (Hooghe&Marks, 2001a, 16).

This assertion is verified in the case of regional development policy in Romania. On one side, the regional development-related new competencies were assigned to already strong institutions involved in the development process, i.e. the Regional Development Boards are formed of representatives of local administrations, while the National Board for Regional Development brings together the representatives of the RDBs, and consequently, of the counties. It is interesting as well to see that the presidency of the RDB is assured by the county councils presidents only, and not at all by mayors; this arrangement reinforces and strengthens the power position of the counties as regards RD at both regional and national level.

As regard the development regions as such, although they were set up artificially, as agreements between counties, they create a dangerous precedent. Currently, these regions constitute the basis for the regional implementation of the Human Resources Development and Environment OPs and, to a certain extent, of the National Plan for Rural Development. This “path dependency” will perpetuate, and diminish the chances for a genuine regional territorial organisation to take place, on a scientific base.

## **6. Regional development in Romania**

More than ten years ago, the “Green Book on Regionalisation” and the subsequent legislation created the first framework for regional development in

Romania. The development regions were defined and the institutions in charge of regional development policy at both national and regional level were created. Since then, these institutions have exercised their competencies on this legal basis, in the framework of development policies which subscribed to other rules as well, i.e. the Phare programme and Cohesion Policy programmes. Becoming a member of the European Union is indisputably the most important factor that determined the creation of regional structures.

These ten years haven't witnessed significant changes as regards regional development in Romania. A second law on regional development refined and updated the existing arrangements in order for these to correspond to EU requirements, i.e. especially as regards the NUTS II regions. Towards January 2007 the structure of the SIs management and implementation system was clarified: since the EU structural funds are invested in a large series of national development priorities, they are managed by different ministries through nation-wide programmes; the Ministry of Development and the RDAs, RDBs and the NBRD remain responsible for one of the 7 Operational Programmes, which embodies the Romanian regional development policy.

From the point of view of administrative-territorial organisation, the 8 development regions are not administrative-territorial units and they do not have juridical personality; they represent agreements between counties, created for the elaboration, implementation and evaluation of the regional development policies, and for data collection at NUTS II level; while regional identity was not among the factors which led to their definition. At the same time, no genuine regional government is in place, legitimated politically by elections at regional level, with the power to collect and spend taxes in the regions, eventually through socio-economic development programmes. Regional development plans are drafted, but they have a limited impact, as the RDAs are in charge only of the implementation of those RDPs priorities financed through the ROP, and no mechanism exists for monitoring and evaluation of the results and impact of the each OP interventions at regional level. The socio-economic evolution of the regions will be analysed again for the future programming period, 2014-2020, but it will be difficult 1. to accurately assess which interventions had a direct impact, positive or negative, on the development of the regions, and 2. to adopt, adjustment measures until that period, to counteract the negative effects of certain interventions in terms of regional disparities. For example, more than half of the SOP Transport 2007-2013 budget will be directed at the motorways, the related national road infrastructure



and railways in the north-western part of Romania. These investments will have a clear positive impact on the development of Transylvania, which already registers a competitive edge in comparison with Moldova, and the Regional Operational Programme won't be able to counteract this development, although it takes into account the existing regional disparities in allocating funds to regions.

Despite the choices made as regards the particular characteristics of the regions, of the regional institutions and of the regional development policy, the current arrangements represent a starting point, a good base on which the decision-makers could genuinely rethink and implement socio-economic development in terms of the territorial level where investments can bring the best returns. Nevertheless, setting up a new, regional, governmental tier in Romania needs to overcome considerable obstacles, and the very first of them is the political will to induce such a change. The next programming period, 2014-2020, might constitute an impetus for more regionalisation. It will be, firstly, up to the Romanian government to "regionalise" some of the future Operational Programmes<sup>148</sup>, starting with the two OPs which are already implemented partially at regional level, i.e. Human Resources Development OP and Environment OP, or even to prepare 8 integrated regional development programmes. If the European Commission is convinced of the efficiency and effectiveness of this approach, and of the capacity of the institutions responsible for the programmes implementation, it will most probably agree with some more regionalised national OPs or 8 regional development programmes. But, as Romania is a full member of the EU, it will be up to her to decide on the future of regional development within its boundaries, and the odds are not in favour of such a development. It is commonly agreed that regionalisation enters the politicians' reforming agenda at the moment when the other major political and economic problems have been resolved. Most probably in 2010-2011, when the preparations for the new programming period starts, absorption rates, and growth and jobs will still represent priorities for both the European Commission and the Romanian Government, therefore, an efficient and practical implementation system for the SIs will still be preferred to a major overhaul of the administrative-territorial organisation and to significant competency shifts, with possibly unpredictable consequences.

<sup>148</sup> This is not possible in the case of the SOP Transport, for example, which, it is already known, will continue to focus on major, nation-wide infrastructure projects.

### **Further possible research topics**

1. “Efficient” regionalisation options (if any) for Romania: as repeatedly underlined, regionalisation was carried out in this specific form in Romania in order to comply with the EU requirements regarding the SIs implementation. Nevertheless, the necessity of genuine regionalisation, i.e. the setting up of a regional government with tax-and spend power and related competencies to offer public services to the members of its jurisdiction and foster regional socio-economic development), needs to be investigated. In this sense, the core research question could be: at which level could a series of/all public services, including socio-economic development, be more efficiently offered in Romania, in the current setting? Would a regional governance level be (more) appropriate in this sense, in terms of cost-efficiency?

2. The issue of setting up genuine regions connects to the previous proposed topic. As underpinning element for a future regionalisation process in Romania, the development regions need to be re-defined, by taking into account a complete set of economic, geographic, historic and socio-cultural criteria.

3. During the empirical research carried out at regional level, slight differences among regions could be identified as regards the manner in which regional development is perceived and pursued by the local authorities and the regional institutions involved. For example, in the West Region, in Timisoara, the local authorities were more focused on local development, especially at municipal level, as they had more financial (internal and external) resources. In this context, the role of the RDA did not seem significant, as a source for development projects. A different situation was visible in the North-East Region. As the RDA was an important source of funds for the local projects, it enjoyed a stronger power position. It would be interesting to find out which are the explanatory variables for this different behaviour, and their impact on regional development as such (if any).

4. Monitoring the activity of the Regional Committees for Correlation and Strategic Evaluation might prove to be very interesting for the future of regional development in Romania and conducting analysis to see if this activity has an impact on the implementation of the Regional Development Plan and ultimately, for regional development as such.

## ANNEXES

### **Annex 1. The institutional “loci” of the National Aid Coordinator and of the competencies related to regional development**

<b>Year</b>	<b>National Aid Coordinator</b>	<b>Year</b>	<b>Regional Development competencies</b>
1998	Department of European Integration The Government of Romania	1998-2002	National Agency for Regional Development
1999-2000	Ministry of Foreign Affairs Department of European Integration	2002-2003	Ministry of Development and Prognosis
<b>2001-2004</b>	<b>Ministry of European Integration</b>	<b>2003-2007</b>	<b>Ministry of European Integration</b>
2004-2007	Ministry of Finance DG Managing Authority for the Community Support Framework	2007-onwards	Ministry of Development, Public Works and Housing
2007-onwards	Ministry of Economy and Finance DG Authority for the Coordination of Structural Instruments		

## **Annex 2. The composition of the Regional Development Board, North-West Region**

### **1. Presidents of all 7 County Councils in the region**

Bihor County:	Mr. Alexandru Kiss
Bistrita Nasaud County:	Mr. Gheorghe Marinescu
Cluj County:	Mr. Marius Petre Nicoara
Salaj County:	Mr. Tiberiu Marc
Maramures County:	Mr. Kovacs Marinel
Satu-Mare County:	Mr. Stefan Szabo

### **2. One representative of the capital (municipiu) city councils for each county**

Bihor County:	Mr. Filip Petru, Mayor Oradea
Bistrita Nasaud County:	Mr. Vasile Moldovan, Mayor Bistrita
Cluj County:	Mr. Emil Boc, Mayor Cluj-Napoca
Salaj County:	Mr. Radu Capalnasiu, Mayor Zalau
Maramures County:	Mr. Cristian Anghel, Mayor Baia Mare
Satu-Mare County:	Mr. Iuliu Ilyes, Mayor Satu Mare

### **3. One representative of the city councils in each county**

Bihor County:	Mr. Kovacs Zoltan, Mayor Valea lui Mihai
Bistrita Nasaud County:	Mr. Nicolae Moldovan, Mayor Beclean
Cluj County:	Mr. Nicolae Chis, Mayor Huedin
Salaj County:	Mr. Augustin Borz, Mayor Primar Jibou
Maramures County:	Mr. Anton Ardelean, Mayor Tautii Magheraus
Satu-Mare County:	Mr. Nicolae Bura, Mayor Negresti Oas

### **4. One representative of the communes in each county**

Bihor County:	Mr. Dorel Cosma, Mayor Vadul Crisului
Bistrita Nasaud County:	Mr. Sangeorzan Stefan, Mayor Feldru
Cluj County:	Mr. Dumitru Sfarlea, Mayor Gilau
Salaj County:	Mr. Emeric Pop, Mayor Crasna
Maramures County:	Mr. Pasere Ioan, Mayor Stramtura
Satu-Mare County:	Mr. Dumitru Dorel Pop, Mayor Odoreu



### Annex 3. Institutional Architecture Phare 2001, ESC Component

<b>Programme Component</b>	<b>Implementing Agency (contracting, payments and financial control (1))</b>	<b>Authority approving the selected projects (Project selection mechanism) N.B. Representatives of line ministries are not voting members in the regional selection committees (2)</b>	<b>Implementing Authority (Technical Implementation and monitoring) (3)</b>	<b>Line Ministries technically competent (Steering Committee)</b>
<b>Grant Schemes for SMEs (A)</b>	Ministry of Development and Prognosis	Regional Development Board (Local open calls Regional Selection Committees including RDAs, representatives of MoSMEC, independent evaluators, observers from MDP, MEI, EC Delegation)	RDA	Ministry of SMEs and Co-operatives (MDP, RDAs, MoSMEC, Ministry of Labour and Social Solidarity, Ministry of Water and Environmental Protection)
<b>Modernisation of vocational schools (B) (works and supply)</b>	Ministry of Development and Prognosis	Regional Development Board (Regional Consortia led by RDAs will select the schools and identify needs)	MDP (works) Ministry of Education and Research (supply)	Ministry of Education and Research (MDP, RDAs, MoER, MoLSS)
<b>Social Services (C)</b>	Ministry of Development and Prognosis	Regional Development Board (Local open calls Regional Selection Committees including RDAs, representatives of MoSMEC, independent evaluators, observers from MDP, MEI, EC Delegation)	RDAs	Ministry of Labour and Social Solidarity (MDP, RDAs, MoER, MoLSS)
<b>Regional Infrastructures (D)</b>	Ministry of Development and Prognosis	National Board for Regional Development (Maturity and impact of projects appraised at regional level List of projects approved by RDBs Final approval of NBRD based on RDB approval)	RDAs National Authority for Roads for national roads	Ministry of Transport, National Authority for Roads, Ministry of Tourism, Ministry of Environment, (MDP, RDAs, Ministry of Public Works, Transport and Dwellings, Ministry of Water and Environment Protection, Ministry of Tourism)
<b>Small scale infrastructure (E)</b>	Ministry of Development and Prognosis	Regional Development Board (Local open calls Regional Selection Committees including RDAs, representatives of MoSMEC, independent evaluators, observers from MDP, MEI, EC Delegation)	RDAs	Steering Committee: MDP, RDAs, Ministry of Public Works, Ministry of Water and Environment Protection, Ministry of Tourism)
<b>Technical Assistance (F)</b>	Ministry of Development and Prognosis		Ministry of Development and Prognosis RDAs	

Source: 2001 Financing Memorandum, page 47

#### Annex 4: Institutional Architecture, Phare 2002, ESC Component

Programme Component	Implementing Agency, contracting authority and paying agency (1)	Authority approving the selected projects (Project selection mechanism) (2)	Implementing Authority (3)	Line Ministries technically Competent
<b>Economic and Social cohesion programmes (Investment)</b>	Ministry of Development and Prognosis			Phare ESC Steering Committee (Ministry of Public Finance, Ministry of Education and Research, Ministry of Labour and Social Solidarity, National Agency for Employment, Ministry of Public Works, Transport and Dwellings, National Administration of Roads, Ministry of Water and Environmental Protection, Ministry of Public Administration, National Centre for vocational and technical education, Ministry of European Integration, ED Delegation, other relevant administrative bodies identified at national level for each measure)
<b>Modernisation of vocational schools (A) (works and supply)</b>		Regional Development Board (Regional Consortia chaired by RDAs will identify needs, assess the application and nominate members in the regional selection committee)	MDP (works) Ministry of Education and Research (supply)	Ministry of Education and Research
<b>Human Resources (B)</b>		Regional Development Board (Regional Consortia chaired by RDAs will identify needs, assess the application and nominate members in the regional selection committee)	RDAs	Ministry of Labour and Social Solidarity and the National Agency for Employment
<b>Regional Infrastructures (C1)</b>		National Board for Regional Development (Maturity and impact of projects appraised at regional level List of projects approved by RDBs Final approval of NBRD based on RDB approval)	RDAs National Authority for Roads for national roads	Ministry of Transport, National Authority for Roads, Ministry of Tourism, Ministry of Environment, (MDP, RDAs, Ministry of Public Works, Transport and Dwellings, Ministry of Water and Environment Protection, Ministry of Tourism)
<b>SAMTID (C2)</b>		SAMTID Steering Committee	Ministry of Public Administration	Ministry of Public Administration, Ministry of Public Finance, Ministry of Public Works, Ministry of Water and Environment Protection
<b>Technical Assistance</b>			Ministry of Development and Prognosis RDAs	
<b>Institution Building Technical Assistance Twinning</b>	Ministry of Development and Prognosis		Concerned Ministries and Regional Development Agencies Concerned Ministries (beneficiaries)	

Source: Phare 2002 National Programme, page 73



### Annex 5: Institutional Architecture, Phare 2003, ESC Component

<b>Programme Component</b>	<b>Implementing Agency, contracting authority and paying agency (1)</b>	<b>Authority approving the selected projects (Project selection mechanism) (2)</b>	<b>Implementing Authority (3)</b>	<b>Line Ministries technically competent</b>
<b>Economic and Social cohesion programmes (investment)</b>	Ministry of European Integration (MEI)			Phare ESC Steering Committee (Ministry of Public Finance, Ministry of Education, Research and Youth, Ministry of Labour, Social Solidarity and Family, National Agency for Employment, Ministry of Transport, Constructions and Tourism, National Administration of Roads, Ministry of Agriculture, Forestry, Waters and Environment, Ministry of Administration and Interior, National Centre for vocational and technical education, NAC - Ministry of European Integration, ED Delegation, other relevant administrative bodies identified at national level for each measure)
<b>Modernisation of vocational schools (A) (works and supply)</b>	MEI	Regional Development Boards	Ministry of Education, Research and Youth (supply)	Ministry of Education, Research and Youth
<b>Human Resources (B)</b>	MEI	Regional Development Board (Regional Consortia chaired by RDAs will identify needs, assess the application and nominate members in the regional selection committee)	Ministry of Labour, Social Solidarity and Family through the PCU and the PIUs	Ministry of Labour, Social Solidarity and Family and the National Agency for Employment
<b>Small-scale waste management investment scheme (C)</b>	MEI	Regional Development Boards (RDAs, regional environmental protection inspectorates, local environmental protection inspectorates)	RDAs	Ministry of Agriculture, Forestry, Waters and Environment
<b>Regional Infrastructures (D1)</b>	MEI	National Board for Regional Development/ Regional Development Boards  (Maturity and impact of projects appraised at regional level List of projects approved by RDBs Final approval of NBRD based on RDB approval)	RDAs	Ministry of Transport, Constructions and Tourism (Ministry of Agriculture, Forestry, Waters and Environment)
<b>SAMTID (D2)</b>	MEI	SAMTID Steering Committee/ National Board for Regional Development	Ministry of Administration and Interior	Ministry of Administration and Interior, Ministry of Public Finance, Ministry of Transport, Constructions and Tourism, Ministry of Agriculture, Forestry, Waters and Environment
<b>Business Development</b>	MEI		MEI	National Agency for Small and Medium size Enterprises and Co-operation

<b>Support (E)</b>				
<b>Technical Assistance</b>	MEI		Ministry of European Integration and RDAs	
<b>Institution Building</b>	Ministry of European Integration		Concerned Ministries and Regional Development Agencies	
<b>Technical Assistance</b>	Ministry of Public Finance		Concerned Ministries (beneficiaries)	
<b>Twinning</b>				

*Source: 2003 Financial Memorandum, Phare National Programme, pages 52-53*

## Annex 6. Institutional Arrangements, Phare 2004, ESC Component

Programme Component	Implementing Agency, contracting authority and paying agency (1)	Authority approving the selected projects (Project selection mechanism) (2)	Implementing Authority (3)	Line Ministries technically competent (4)
<p><b>Priority A: Improving regional infrastructure to support economic development Measure a Regional and local transport and business infrastructure</b></p>	<p>MEI for all investment projects MEI for classical TA, including PPF MEI for site supervision and subproject 4, component G of Priority E CFCU for twinning projects PAO: MIE</p>	<p>RDBs and NBRD approve the list of projects</p>	<p>RDAs MEI for site supervision and for RDAs monitoring contracts, sub-project 4, component G, of Priority E</p>	
<p><b>Priority B: Human Resource Development Measure a Tackling structural unemployment</b></p> <p><b>Measure b Improving long term labour market adaptability</b></p> <p><b>Measure c Actively combating social exclusion</b></p> <p><b>Measure d Improving access to education and region</b></p>	<p>MoLSSF for TA and investment projects CFCU for twinning PAO: MoLSSF</p> <p>MEI for all investment projects MEI for classical TA, including PPF MEI for site supervision and subproject 4, component G of Priority E CFCU for twinning projects</p>	<p>MoLSSF/MIE/MER</p>	<p>National Agency for Employment, PIUs at regional level for investment MoLSSF for TA and corresponding supply contract NATB for TA NQR project and for the corresponding supply National Agency for Employment, PIUs at regional level for investment MoLSSF for TA and corresponding supply contract National Agency for Employment, PIUs at regional level for social inclusion investment MoLSSF for TA and corresponding supply contract for social inclusion Specialized directorate within MoLSSF for social services – for TA; investment component will work through NAE PIUs at regional level RDAs for works contracts MEI for site supervision Ministry of Education, Research and Youth (MER), National Centre for Vocational education and training for TA and IT equipment</p>	<p>MoLSSF/MIE/MER</p>

<b>specific technical and vocational education and training system</b>	PAO: MIE		supply National Centre for pre-university education staff Training for sub-project 2	
<b>Priority C: Development of the productive sector through support to SMEs Measure a SMEs support</b>	MEI for all investment projects MEI for classical TA, including PPF MEI for site supervision and subproject 4, component G of Priority E CFCU for twinning projects		Regional Development Agencies (RDAs) for grant and credit schemes NASMEC for TA and IT supply components	
<b>Priority D: Environmental protection at regional level  Measure a Improving environmental protection at local and regional level Measure b SAMTID</b>	MEI for all investment projects MEI for classical TA, including PPF MEI for site supervision and subproject 4, component G of Priority E CFCU for twinning projects		Regional Development Agencies (RDAs) and REPAs MEWM for TA components Ministry of European Integration	
<b>Priority E: (IB) Building the institutional structures in order to achieve, upon accession sound and efficient management of EU SF, and efficient management of programmes under EDIS Measure a Development of administrative capacities for Structural Funds management</b>	CFCU, excepting for sub-project 4, component G, which is financed from national co-financing budget of Priorities A and D. The Priority A implementation arrangements applies for this component. PAO: MFP		Overall coordination by MPF Ministry of Public Finances, Ministry of European Integration, RDAs, Ministry of Economy and Trade, Ministry of Transport, Constructions and Tourism, Ministry of Labour, Social Solidarity and Family, Ministry of Environment and Water Management	

Source : Phare Programming Document for Economic and Social Cohesion 2004-2006, page 197-8

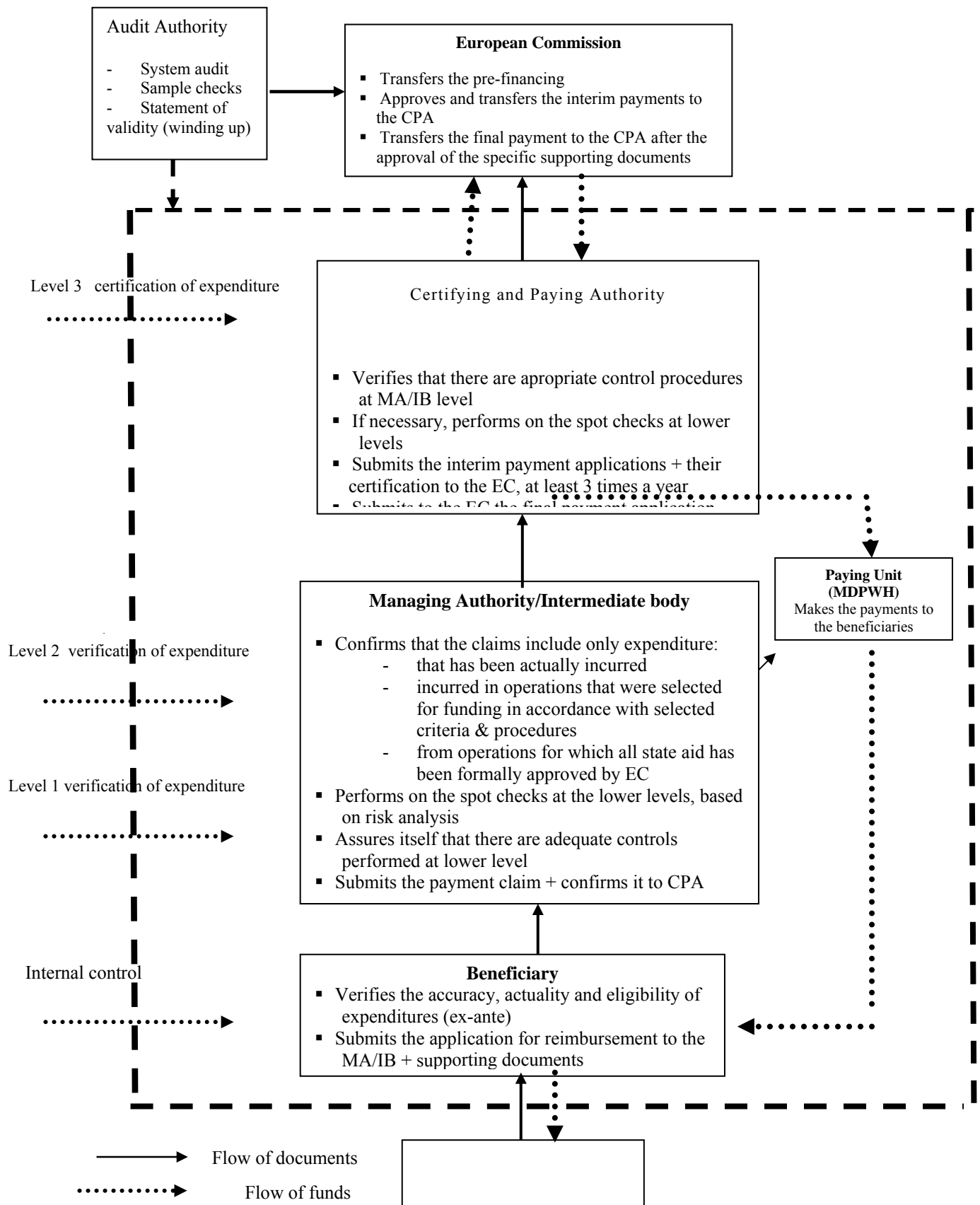
**Annex 7. Priority Axes and Key Areas of Intervention of the SOP Environment**

<b><i>Priority Axis 1 Extension and modernization of water and wastewater systems</i></b>
KAI 1.1. Extension/modernization of water and wastewater systems
<b><i>Priority Axis 2 Development of integrated waste management systems and rehabilitation of historically contaminated sites</i></b>
KAI 2.1. Development of integrated waste management systems and extension of waste management infrastructure
KAI 2.2. Rehabilitation of historically contaminated sites
<b><i>Priority Axis 3 Reduction of pollution and mitigation of climate change by restructuring and renovating urban heating systems towards energy efficiency targets in the identified local environmental hotspots</i></b>
KAI 3.1. Rehabilitation of urban heating systems in selected priority areas
<b><i>Priority Axis 4 Implementation of adequate management systems for nature protection</i></b>
KAI 4.1. Development of infrastructure and management plans to protect biodiversity and Natura 2000
<b><i>Priority Axis 5 Implementation of adequate infrastructure of natural risk prevention in most vulnerable areas</i></b>
KAI 5.1. Protection against floods
KAI 5.2. Reduction of coastal erosion
<b><i>Priority Axis 6 “Technical Assistance”.</i></b>

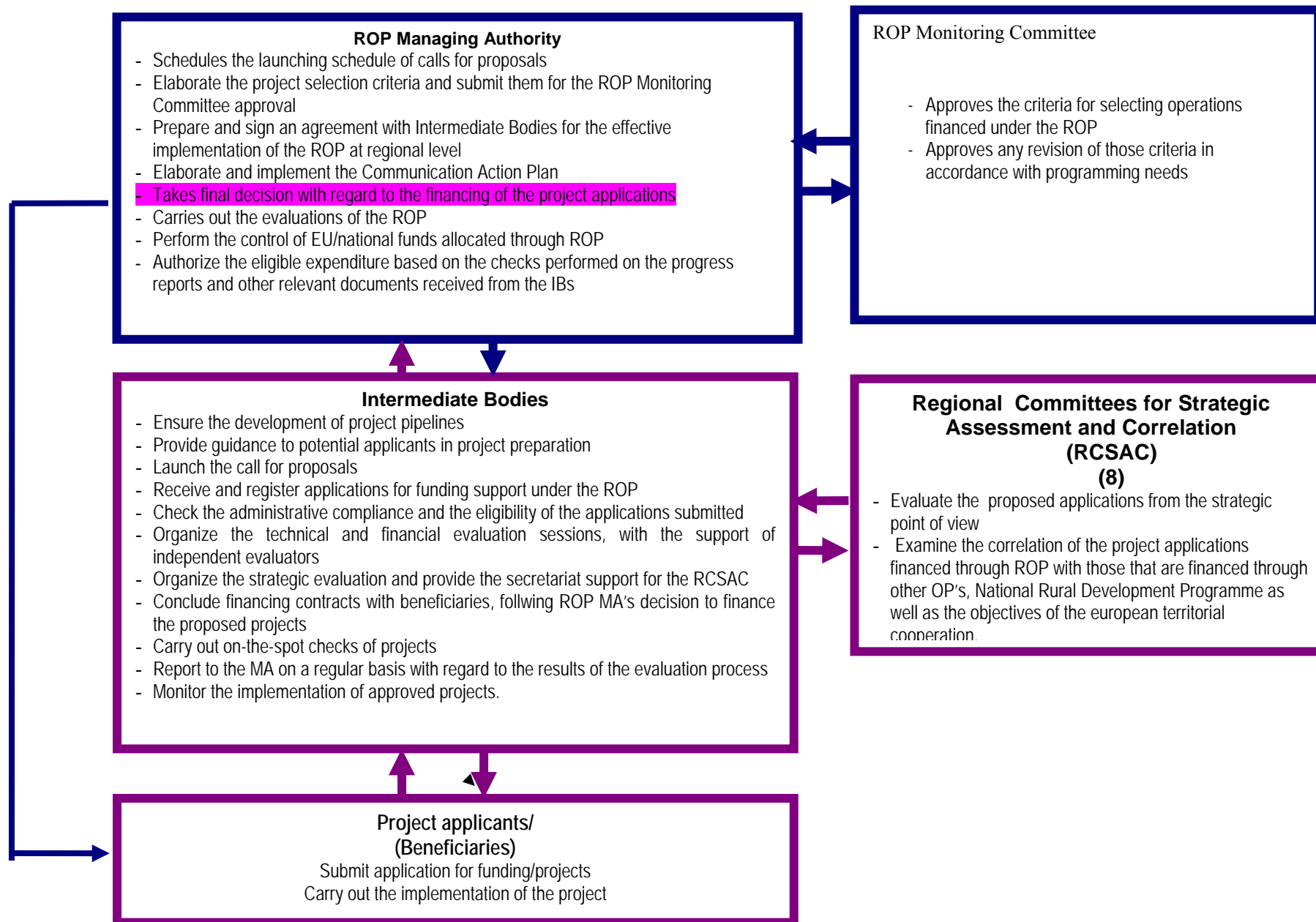
**Annex 8: Priority Axes and Key Areas of Intervention of the SOP Human Resources Development**

<b><i>Priority Axis 1 Education and training in support for growth and development of knowledge based society</i></b>
KAI 1.1. Access to quality education and initial VET;
KAI 1.2. Quality in higher education;
KAI 1.3. Human resources development in education and training;
KAI 1.4. Quality in CVT;
KAI 1.5. Doctoral and post-doctoral programmes in support of research.
<b><i>Priority Axis 2 Linking life long learning and labour market</i></b>
KAI 2.1. Transition from school to active life;
KAI 2.2. Preventing and correcting early school leaving;
KAI 2.3. Access and participation in CVT.
<b><i>Priority Axis 3 Increasing adaptability of labour force and companies</i></b>
KAI 3.1. Promoting entrepreneurial culture;
KAI 3.2. Training and support for enterprises and employees to promote adaptability;
KAI 3.3. Development of partnerships and encouraging initiatives for social partners and civil society.
<b><i>Priority Axis 4 Modernising the Public Employment Service</i></b>
KAI 4.1. Strengthening the Public Employment Service capacity to provide employment services;
KAI 4.2. Training of PES staff.
<b><i>Priority Axis 5 Promoting active employment measures</i></b>
KAI 5.1. Developing and implementing active employment measures;
KAI 5.2. Promoting long term sustainability of rural areas in terms of human resources development and employment.
<b><i>Priority Axis 6 Promoting social inclusion</i></b>
KAI 6.1. Developing social economy;
KAI 6.2. Improving the access and participation for vulnerable groups on the labour market;
KAI 6.3. Promoting equal opportunities on labour market;
KAI 6.4. Trans-national initiatives on inclusive labour market.
<b><i>Priority Axis 7 Technical assistance</i></b>

## Annex 9. Financial flow of the Regional Operational Programme (ROP, 180)



**Annex 10. The management and Implementation system in place for the Regional Operational Programme (ROP, 170)**







## **ANNEXES 11-20. INTERVIEWS**

The first round of (semi-structured) interviews was carried out in January 2004, and its general purpose was more that of first encounter with the reality on the ground in Romania; at the same time, the discussions served as a filter and first validation (or actually, invalidation) for/of the work hypothesis initially proposed. These initial hypothesis were very much connected with regionalisation and regional development as such, as the initial assumption was these two processes and the European Funds implementation practically overlap. This first round on interviews made very clear the fact that implementing the EU Cohesion policy/ structural funds is in a very incipient phase in Romania (only in terms of preparing the necessary legislative base for the SIs delivery system), and that the pre-accession funds were pre-eminent, while their learning effect towards SIs management and implementation still minimum.

The questions addressed to all interviewed persons were concentrated on clarifying the delivery system (institutions and their competencies) for the future Cohesion Policy, with a focus on the regional institutions, including the National Board of Regional Development, and informal practices; as the state of affairs was as explained in the previous paragraph, the answers relate very much to the pre-accession implementation system and forecast how things will look like beyond accession. As you will see, very many, especially implementation aspects, “forecasted” in a certain way back in 2004, have been, in the end, very differently organised when the time came. Further, a series of questions were asked directly regarding regionalisation, the way the process had been organised and its perspectives, and the weight of the political actors in this respect.

In 2005 the discussions tried to link further regional development and regionalisation as such with the pre-accession funds (Phare ESC) and structural instruments (the Regional Operational Programme); nevertheless, this attempt was not very successful, and the gap between the two aspects, regionalisation/regional development and socio-economic development at any costs/level was obvious.

The latest interview, in 2008, was meant to clarify last points on the implementation of the Phare ESC Component, as it is tremendously different from SIs implementation, but, at the same time, very important, as fundament for the delivery system created for the SIs in Romania.

**Annex 11. Interview with Mrs. Pompilia Idu, Director of the Programme Monitoring and Evaluation Direction, MA of the Regional Operational Programme, Ministry of Development, Public Works and Housing, March 2008**

1. As regards programming for regional development, the regional development plans served as bottom-up information source for the National Development Plans. Prior to the 2004-2006 the regional development plans were very little related to the Phare Economic and Social Cohesion Component, whose priorities were decided, in the general framework of the Phare programming mechanisms, by the Romanian government (MEI as IAg and MPF as NAC) and the European Commission. In the 2004-2006 programming period for the first time a connection was made between the National Development Plan and the Phare ESC Programming Document (PPD) 2004-2006. The Phare ESC programming and management has been done in a very centralised manner, the (ex) MEI having final decision-making power in all respects. Especially at the beginning of the process, the NAC was less involved in the drafting of the PPD 2004-6 (later, it enjoys its regular powers as regards the Annual Financial Memoranda), the DG Enlargement and the Delegation being the main counterparts in the process, including as regards the institutional arrangements to be made for the PPD management and especially, implementation.

2. Phare programme display procedures significantly different in comparison with the Structural Instruments. The transfer of expertise from Phare towards SIs was more successful at regional level, i.e. RDAs, than at central, ministerial level, where limited use of the Phare experience was made in preparing the ROP.

3. As regards the National Strategy for Regional Development, it hasn't existed as a separate document as such, it is included in the National Development Plan. The National Development Plan is approved by the National Board for Regional Development. This Board met more regularly at the beginning of the Phare ESC implementation, i.e. 1999-2001, but in the following years it met only when it was necessary (to fulfill their assigned tasks). Its activity became even more formal when the parallel legislation and institutions for the preparation of the SIs entered into force, and when the National Coordination Committee took over some of its tasks (including the approval of the National Development Plan 2007-2013 and of the Regional Operational Programme 2007-2013!).

4. As regards the National Steering Committee, the same evolution as in the case of NBRD could be observed; this committee was set up at the request of the European Commission, it met a few times, but its members lost very easily the interest in its gathering as this body did not enjoy any decision-making power. Although it was not convoked for Phare 2004-2006, it served as basis for the first (Shadow) Monitoring Committee of the ROP (reunited for the first time in 16<sup>th</sup> of August 2007). The three Sub-Steering Committees had a different evolution. The Steering Committee for Human Resources Development functioned well until 2006, autumn; in 2007 it was transformed in the Monitoring Committee for the SOP HRD. The SC for Infrastructure functioned very well, it approved all projects to be financed in this field in the framework of the Phare ESC. The opposite was the case with the third SC, for SMSEs; the National Agency for SMSEs had already its own stakeholders network, and this took over the tasks of the SC. If, as committees, these SCs will die together with Phare,

their institutional members will continue to be involved in the implementation and monitoring of the ROP and other OPs, through their Monitoring Committees.

5. As regards contracting Phare 2004-2006 programmes, the salient aspects are that, further than approving the Regional Development Plans and against the provisions of the RD Law, the Regional Development Boards are involved in the implementation process related to the measures under the RDAs jurisdiction (for which the RDAs act as Implementing Authority); as regards the HRD sub-component, only the Ministry of Labor, as IAg and the regional IBs are involved in this implementation. All public procurement are done by the IAg, as required, and in accordance with PRAG (before 1<sup>st</sup> of January 2007) and with the Romanian PP law, beyond this date.

## **Annex 12. Interview with Ms. Luminita Mihailescu, General Director, RDA South-East Region, Braila, May 2005**

1. At this moment Romania finds itself fully in the process of preparing to access the European funding to be allocated to this county upon accession, in the framework of the EU Cohesion Policy. The institutional system is set up and the National Strategic Reference Framework and the operational programmes are in drafting. Regarding the Regional Operational Programme, the Ministry of European Integration act as MA, managing the input from regions, and its correlation with the other sectoral OPs and spatial development. The National Strategy for Regional Development does not exist as such; at this moment discussions are carried out at central level for matching the Romanian regions' needs with the European priorities; due to its specific development phase, Romania has different needs, e.g. hard infrastructure.
2. The first bottleneck in this process is the lack of proper, overarching, development strategies at all levels, local, regional and national; in contradiction with the practices in the Western European countries. Regarding regional development as such, the Regional Development Board plays a formal role, as it is elected indirectly and its members represent the local and not regional interests and apply no regional approach. At regional level, (NUTS II), the government does not have a political counterpart as it is the case with the county and municipality levels; at the same time, these lower governmental levels are not very powerful in terms of decision making.
3. The second bottleneck is represented by implementation as such; the ministries take decisions at central level without taking very much into account the positions in the territory, and this modus operandi will impact on funds absorption, as the IBs will be delegated a series of competencies in the implementation system and there are significant differences between pre-accession and structural funds, e.g. reimbursement principle. At the same time, as the main target group of the structural funds are the public authorities, especially the local ones, these have a serious capacity problem in attracting (administrative and financial) and implementing these funds; this aspect hampers the ROP management and implementing authorities in preparing an adequate project pipeline. A series of new laws are necessary for the local administration to be able to implement the European funds, especially regarding the co-financing ability.
4. The third problematic issue is the control of funds, understood here as all measures to be carried out (in parallel, and at all levels, including beneficiaries), which assure the correct, efficient and effective funds absorption (financial control, monitoring and evaluation, audit), and which, upon their successful completion, facilitate the programmes closure by the European Commission.
5. From the capacity point of view it is justifiable that the Regional Operational Programme will be a central exercise in the 2007-13 programming period; in this way the distribution of funds can be made from the ministry towards the regional level directly proportional with the regions' capacity to absorb these funds; if this regional absorption capacity is not taken into account, the objectives of these funds won't be attained.
6. In this context the sectoral programmes should have a regional approach. At this moment this is not the case and it is very difficult to think about regional development strategy without knowing what the e.g. Human Resources or Environment OP intend to

finance in each region. The RDAs have the task of drafting the RDPs, but these are more general and unclear as they should be; it is very difficult to draft such a plan without communication with the involved ministries, e.g. Ministry of Transport, in the case of the infrastructure projects planned to be implemented in the region.

7. In the context of structural instruments the role of the county councils needs to be reinvented. The EU cohesion policy relies very much on the municipalities and in this case the dialogue partners are the mayors, politically legitimated through direct elections. In this sense, if the municipalities should be in charge with the urban development, the counties should be responsible with the rural development, its coherence with the urban one, and assuring that the same public services are offered to all citizens under its jurisdiction. Until now, the role of the county councils was to redistribute funds, and this was not done all the time adequately, on the basis of a development strategy and set up priorities (sometimes this redistribution was done on political criteria). The counties, as funds beneficiaries and members of the RDB, should make real development strategies, coordinated with the strategies of the neighbouring counties and the regional strategies, and not only oriented towards the ministries requirements and policies.

8. When the development regions were created, it was feared that the counties would lose their role; this is not necessarily a risk for the counties, as long as the competencies are re-distributed appropriately, each level fulfilling certain well defined roles. The RDAs are the only institutions newly created and having regional development responsibilities at NUTS II level, unlike other institutions, deconcentrated at this level, which communicate and take into account the local level only if they want to.

9. If implementation services as such rendered to the Ministry of European Integration are paid by this institution, the rest of the RDA activities, around regional development as such: dialog with stakeholders, thinking, development of network, strategic programming etc. are not financed, as the counties do not pay their contributions to the RDA budget (sometimes such activities are carried out in the framework of projects RDA submitted to the MEI and received finance from the Phare ESC programme). At the same time, the pure remuneration problem remains, the government needs to think very well about this issue, as persons in charge with the implementation of million euro need to be remunerated accordingly.

10. A change of the situation, in all terms, financial, institutional, administrative-territorial, will be triggered only by a political understanding of and strong will and commitment for further promoting regional development.

### **Annex 13. Interview with Mr. Gabriel Friptu, General Director Managing Authority for the Regional Operational Programme, Ministry of European Integration, May 2005**

1. The pre-accession implementation system, as its purpose is “learning”, is rather rigid, in comparison with the structural funds. Several other differences can be identified between the two policies and their implementation modus (points 1-10 Phare, points ).
2. Partnership (in all its dimensions, with SNAs and other socio-economic actors) was not obligatory in the pre-accession period, the negotiations/decisions were taken between the central level and the European commission. For structural instruments, assuring partnership is obligatory.
3. Phare ESC is a *national* policy implemented at regional level, and from the strict point of view of the relationship between EU, which finances, and the national recipient, the ministry, as representative of the domestic counterpart, it is not obligatory for the latter to be “supported” by the regional level: here the frustration of the RDAs appear: they need a sort of projects to be financed (e.g. Braila, infrastructure), and the EU, through the ministry, finances another sort of projects. The RDAs list in their RDPs all they want to get financed and are disappointed when they see the sums received. (limited under pre-accession).
4. Phare is a system extremely centralised, the decisions are taken only at central level. The three persons involved in the Phare funds implementation are: the NAC (programming), NAO (financial management), PAO (responsibility of a component, e.g. Phare ESC, from both points of view, technical and financial); all three of them function at ministry level, with a deputy: state secretary or general director (civil servant). The Chapter 21, as all other negotiation chapters, was discussed between the government and the commission, without the implication of the regions, which is absolutely normal.
5. PHARE has three components: 1) institution building and investments: 2) investments as such and the 3) technical assistance for supporting these investments. CFCU contracted initially all 1<sup>st</sup> and second category of projects, MIE took over three as well in 2001. The Phare National Programme is implemented along eight components, one of them being the ESC Component, the predecessor of the ERDF and ESF-like investments. This was the reason for which two implementing agencies were set up for the national programme, and later three (Ministry of Labour).
6. The difference between the two Implementing Agencies, within the MEI and the CFCU, is that MEI prepares the regional strategy, as well, further than carrying out the Phare ESC funds contracting. MEI prepares the Phare ESC Component programme, submits it to the NAC, agrees with this institution the contents of this document, which is further negotiated between the NAC and the European Commission. In the programme implementation, some things are decided at regional level, and some other at ministry level. Nevertheless, as the PAO is the final responsible, he/she can impose a certain approach, and as the ministry approves all decisions taken at regional (RDAs) level, the agencies have a very limited, independent, word to say in the implementation process.
7. As regards the project approval, the RDAs organise the project appraisal and

selection, and the project evaluation reports are finally approved by the Implementing Agency in the MEI and the EC Delegation in Bucharest (before EDIS); this competencies arrangement between the RDBs (politically legitimated) and the IAg, as technical DG within a ministry, can lead to frictions and render the RDBs approval phase valueless. Nevertheless, as the system is centralised, this was considered the optimum solution for accommodating all interests.

8. In terms of financial control, the RDAs carry it out, but the MEI takes decisions/approves, in this respect.

9. Regarding contracting: the IAg/MEI assures the final signature of the contract, but the RDA prepare the contract; three signature system is practiced; as the RDAs will monitor the project implementation, it is obviously indispensable that they know the project very well. In the framework of the project monitoring, the RDAs control all projects, and the MEI does this on a sample basis, most of the times this sample is decided commonly with the RDAs (difficult projects). Expenditures are certified by both RDAs and finally by MEI, and the payments are made directly by MEI to the beneficiaries.

10. The core areas financed under Phare ESC are: SMSEs, human resources and regional and local infrastructure (the latest 60-70%).

11. The institutional arrangements for the structural funds management and implementation are decided in the Chapter 21 document; having experience in managing pre-accession funds hasn't been an obligatory pre-condition for the institutions involved in post-accession funding. Although the rules are totally different between pre-accession and structural instruments, it is a pity not to use the experience accumulated in the management and implementation of the pre-accession aid; the two processed will unfold in any case in parallel until Phare funds are exhausted; the two structures in charge will as well remain separated. The two systems will work in parallel: Phare ESC component, in EDIS, and MA/ROP in accordance with the European regulations, 1260/99. For the first one, the counterpart remains DG Enlargement, for the second, DG Regio (it would be interesting to see how these two communicate in Cohesion Policy matters)

12. The question is how to address the changes involved by the transition from pre-accession funds management and implementation system, rigid and dense at central level, towards structural instruments system involving a decentralisation of competencies; especially in terms of staff management. Ideally, as soon as a phase is finalised under Phare, e.g. programming, the staff involved in this phase are transferred to SIs programming; contracting will not be carried out by the management and implementation institutions, but by the beneficiaries, therefore, the people involved in contracting need to be absorbed in the ROP system, on different other positions. The last will be absorbed the staff involved in monitoring and payments.

13. The structures i.e. pre- vs. post-accession, are very different, they do not have too much in common, except some methodologies, procedures and the communication and information provisions. For the ROP, contracting will mean a different thing; this step will be decentralised to IBs (sic!), and certifying the expenditures will be made in cascade; the MEI will just certify and not make payments; the audit will be differently carried out, the monitoring will not be carried out at project level anymore, as for Phare.



14. The percentage of funds to be allocated to the ROP from the total amount is not known yet, in any case this will be less than the percentage (40%) Phare ESC had from the Phare National.

15. The RDAs will function as IBs, on the basis of a contract, with delegated (by the MEI) functions.

16. The prefect will not play any role, at least at the moment no decision in this sense was taken. Initially it was proposed that the prefect was a member of the RDBs. The argument against it was that as the prefect is the representative of the government in the counties, it would be better that only the locally elected political representatives are RDBs members. He/she is, in any case, permanent observer. If the prefect becomes civil servant, it might get a role in the SIs implementation.

17. The county and local councils are beneficiaries, if they have the necessary capacity; they can also manage grant schemes, e.g. for SMES.

18. The National RD, or the RD Funds are not accounts as such, but an abstract concept. The NDP was never approved formally by the European Commission.

#### **Annex 14. Interview with Mrs. Andra Chirila, councillor, MA for the Regional Operational Programme, Ministry of European Integration, May 2005**

1. The institutional system for the Structural Instruments was decided in the framework of the negotiations for the Chapter 21, for which MEI (NAC) was responsible. The MACSF has a coordinating role in the entire SFs management and implementation process, nevertheless, it is not a MA as such of the NSRF; the NSRF, in comparison with the CSF, is a more strategic document, and a high degree of coordination is necessary. The MACSF coordinates the preparation of SIs implementation, including the preparation of the institutional system; in this position, the MACSF guides the work of the NCC, which meets with this very purpose, of preparing the SIs management and implementation, including from institutional point of view. In the framework of the NCC agreements are made, on certain measures to be taken in order for the Romanian involved institutions to be prepared/able to manage/implement the funds upon their allocation.

2. The Ministry of Public Finances concentrates, further than the MACSF, the MA Infra, and the Paying Authority for the Phare National Programme; the later will turn into Paying Authority for the Structural Instruments system.

3. The Inter-institutional Committee for Planning is a deliberating body, it discusses the various versions of the NDP; the partners invited to the CIPs meetings are only generally mentioned in the legal base in force for this body, as the representatives of the respective institutions will be invited to the CIP meetings to the extend to which the subject of discussions relate to their field of activity. From the point of view of the regional contribution to the NDP, the RDAs organise the Regional Committees for Planning.

4. After 2007, considering the fact that an inter-ministerial coordination body needs to exist, and that the MACSF will continue to coordinate the process, the NCC will play an important role, which needs to be “reassessed”; maybe its role of preparing the system will change in monitoring the management and implementation, further than the MCs for each OPs.

5. Organising the CMs are not a first priority, at this moment. They will be organised after the MAs and the IBs will function in accordance with the European requirements and be staffed properly.

6. The concrete negotiations with the European Commission will be carried out on the Operational Programmes as such, as the NSRF is a more strategic document. These negotiations can be very harsh (as personally experienced as participant in a discussion between the EU Commission and the Slovak Government); nevertheless, the European Commission is permanently giving feed-back to the Managing Authorities regarding the operations to be covered by their OPs. In the context of these negotiations the MEF plays a central role. The representatives of the MAs will participate in discussions. The European Commission will finally approve the OPs, therefore, these need to reflect its vision, intentions etc. as well.

7. The ROP has the same priorities for all regions, but the budgets allocated to each priority/measure may differ, taking into account the specific needs of the region. Nevertheless, this policy of the EU did create a new framework, at regional/NUTS II

level, which are no territorial-administrative units, indeed but the RDAs have experience as regards planning, programming, implementation of development funds. Sometimes they are more experienced, in some respects than the ministries. The downside of the created system is the “fluidity” of the RDBs: the members of the RDBs change after local elections, the RDAs need to “permanent educate” them regarding the development activities they are having.

8. At this moment the work on the CSF/NRSF hasn't started yet. The message of the European Commission was for the Ministry of Public Finance to continue with the drafting of the NDP, as this will serve very much as basis for the NSRF. The NDP contains all structural investments to be carry out in Romania between 2007-13. Central to these investments are, obviously, the funds to be received from the European Union.

**Annex 15. Interview with Mr. Razvan Cotovelea, Mrs. Iulia Gugiu, Mrs Pompilia IDU, Mrs. Antoaneta Popescu, NAC, Ministry of European Integration, January 2004**

1. The main role of the National Board of Regional Development is to approve the large infrastructure projects financed under Phare ESC Component; it meets twice a year, in 2003 it met only once; this did not constitute problem, all necessary decision were taken, but in other institutional frameworks. The RDBs meet more often, as they approve the smaller projects. The MEI verifies the documents sent by the RDAs regarding the selected projects and the EC Delegation in Bucharest approves them.

2. The NFRD is financed from the central budget and finances national programmes. The European funds are collected in the National Fund, in order to be distributed to the RDAs, respectively, in the RDF. In accordance with the regional development law, the NF should collect other funds, as well, for redistribution purposes, e.g. EIB, EBRD, WB, etc. In reality, the EU funds plus the co-financing from the Romanian part is transferred to the Implementing Agencies according to the relevant procedures. The NFRD is managed by the G.D. National Fund, within the MPF.

3. For investment projects, the project appraisal is carried out at regional level, organised by the RDAs and effectively done by external project evaluators. On the basis of this project evaluation (scores) the RDAs set up a list of projects, to be approved by the RDBs (the large projects by the NBRD as well) and the Ministry of European Integration/EC Delegation. The evaluation reports (of each project proposed) are attached to this list. The projects finally approved by all institutions involved, including the EC Delegation in Bucharest, are contracted; this is the final responsibility of the IAg, nevertheless, the contracts are prepared by the RDAs. The contracts are signed by the beneficiaries, RDAs and the IAg (PAO). After contracting, the beneficiaries start implementing their approved projects. The RDAs monitor their implementation, visit them and report towards the IAg. The payment requests made by the beneficiaries are verified by the RDAs, firstly, and sent to the IAg, they are verified again (more general, as the RDAs, which are closer to the projects). The EC Delegation is involved in monitoring, but at programme level (SMSCs, meet twice a year), not at project level.

4. In the case of large infrastructure projects, the procedure is a little different. The projects are collected by the RDAs, together with the necessary documentation. For projects between 2 and 5 million Euro Phare money, a pre-selection takes place at regional level. A list is made in accordance with the programme priorities, and transmitted to the IAg. The IAg rank the projects in accordance with a comprehensive appraisal and evaluation grid. The final ranking is submitted to the National Board for Regional Development. The IAg, together with TA experts, prepare the documentation for launching the (public) international procurement process, in accordance with PRAG rules; following this process, a firm is selected to carry out the project, with whom a contract is signed.

5. The institutional building projects, directed at the institutions meant to play a role in the implementation of the Structural Funds, are contracted by the IAg.

6. Regarding the Green Book on Regionalisation in Romania, we can say that the formula utilised for the setting up of NUTS II and RDAs took into account the Romanian administrative and institutional traditions. In creating the statistical

development regions, the principle of “homogeneity” was followed, at least from certain points of view, e.g. number of inhabitants, more or less the same access to resources, etc. This system, the way it is designed now, is the most fitted to Romania, at this moment. The organisation and functioning of regions was, in the first place, necessary, in order to implement the European funds. Without the EU, this concept would have been implemented more slowly. The regions are involved in drafting the NDP, they are involved in the process of funds division, a permanent dialogue with the regions takes place.

7. The setting up of the regional institutions, even if in this very “light” form, did affect the “centrality” of the unitary state, but not significantly. . Before 1998, a relationship of the central government with other structure than the county council was unthinkable. Especially when finances were involved. Now the situation is radically different: implementation of the funds coming from the EU has to be made in accordance with the European requirements, and NUTS II regions and implementation bodies created at this level are some of these European requirements. In the case of the other policies and their implementation, the relationship central government-county councils remained the same. Only when it comes to European funds the RDAs play a role. For example, in the case of the “lagging behind areas” policies, these areas were drafted at county level, and this policy was implemented through the prefects.

8. One can say that a sort of “indirect proportionality” exists between the strength of the local level, municipality and county, and their access to other financing sources, internal and external, e.g. Timis, funds from the German Government, on one side, and the position of the RDA in the region. For example, in the North-East region, where little other funds than European are available and where the local actors are less capable of identifying new sources of financing, the RDA is seen as a very important institution, while in West (where Timis belongs), the RDA was seen just as one source of financing, among others.

9. As regards the RDAs, the relationship between MEI and them is of contractual nature: the RDAs provides the MEI with a series of services, and the MEI pays them for these (implementation) services. Nevertheless, it is still up to the county councils to cover the running costs of the RDAs; which happens in some regions better than in other. The same “variation” is valid also in term of involvement of the county councils in the county development process stimulated through European funding: in some counties, the political leaders are very driven in stimulating socio-economic development, and they are very active in accessing Phare funding through the RDAs and the RDBs.

10. The NBRD is not an executive board, in the sense that it implements a certain policy; it decides upon a series of projects submitted to them by the MEI and RDAs.

## **Annex 16. Interview with Mrs. Luminita Mihailescu, General Director, RDA South-East Region, Braila, January 2004**

1. The structural funds management and implementation system is currently in construction, and this process is guided by the accession negotiations carried out in the framework of the Chapter 21.

2. The RDAs are NGOs of public utility, in accordance with the proposals made in the Green Book on Regionalisation; the major reason for this choice was the fact that, as no regional government was in place, the RDAs needed to represent the civil society, as well, generally, all interest of the stakeholders. In opposition with his formula, a governmental organisation might have been politically dependent.

3. Now, in Romania, one can still talk about national policies applied at regional level, and not about regional programmes decided, and implemented at regional level, with regional financial means. The RDAs are instruments for the implementation of a national policy/national funds in this respect, and they next to the RDBs have little to say as regards this policy and the budget they receive. The decisions in this respects belong to the Romanian government and the European Commission. The implementation of the policy as such, is, indeed, done by the RDAs, but as regards designing the programmes and the set of conditions, criteria, requirements for the programme, these are decided at central level, with no involvement from the RDA part.

4. Regarding the process of regionalisation as such, it will not continue in Romania due to the connotation this process receives on the political scene (regionalisation=segregation of parts of the Romanian territory). As long as at regional level there is no regional government and no regional tax-and-spend power, we do not have region and regional development. The simple implementation of some programmes is too little, in comparison with what the concept of regional development involves. If genuine regional government is established, the position of counties is uncertain. In any case, at this moment, the county is very well established in the Romanian administrative system; the Ministry of European Integration, all other ministries address the counties to implement their policies. Nevertheless, although these regional structures are weak, they affect the centrality of the state. Local identity is stronger than the regional one, there is not “demand” for regionalisation, region, because these concepts are not understood. If regionalisation were done top-down, e.g. the Parliament would vote a law, according to which a regional government, parliament would be created, than the “demand” would be stimulated, people would become interested in such movement... but this will happen in long, long run, not now. And until now the government hasn’t showed any interest to create these regions. Creating NUTS II regions happened clearly at the request of the European Commission, which said that the structural funds cannot be implemented either at county level or at national level (sic!); but from here until genuine regions, the step is huge.

5. The creation of the eight development regions and its institutions, e.i. the RDAs and the RDCs started after the law was adopted in 1998, and it was a bottom up process, carried out by the county councils, and supported by a TA project financed with Phare funds.

6. The main preoccupation of the RDA since its setting up was to survive from a financial point of view. The local public authorities in the region supposed to finance

the activity of the RDAs, thing which did not happen, as some county councils did not pay their contribution to the agency budget. ***The decisions of the RDBs are not bidding for the local authorities! If the RDB decides on the level of the contribution of the county councils to the RDAs functioning, this decision needs to be taken also by the county councils itself!*** The situation has changed in 2003, when the MEI started paying for some of the activities of the RDAs. The RDA cannot provide project generation facilities/ assistance to potential beneficiaries against a certain tariff, it does not receive sponsorships either; a comprehensive agreement needs to be reached, at a certain point about who will finance RDAs activity: the government, the region or/and the EU.

7. The relationship between the RDA and the RDB is good, as their competencies are clearly delimited. Unfortunately, the Council does not have a decision-making power comparable with the one of a regional government. The Board does meet, but the “mentality” is the problem. The members of the board should think “region-wide”, instead, they represent the interest of the area (county) where he/she was elected, where from he/she draws his/her legitimacy. The members take part in the board because they have something to gain for their own jurisdiction. Rejecting a project can, nevertheless, create conflictual relationships between the RDAs and local authorities, among the members of the RDBs. The RDA does not know what other programmes/projects the other Ministries implement in the regions, the ministries do not think regionally and the MEI do not assure this short-cut between the regional level/policy and the sectoral interventions. On the other side, the NBRD has limited to no impact to regional development.

8. The NDP 2004-6 was drafted in one year, including analysis and consultations. Two major problems were encountered in this process: firstly, the lack of sectoral policies designed in terms of regional level as well, e.g. Sapard, Ispa. The result was a plan concentrated only on the resources available for regional development, Phare ESC, a mix of everything, not coordinated with the other interventions in the region. The second problem would be the insecurity of the financial resources the region has at disposal. The plan is made not on the basis of the real financial needs of the region regarding regional development, but on a given sum, announced by the Ministry/EU side. The implementation of the RDP means actually the implementation of the funds made available by the EC through the MEI, for specific measures, which represent only a part of the RDP.

9. The National Plan of Regional Development supposed to gather all RDPs at national level; finally, this document turned into PND, and it is better like this, as the regional development component is only one component of the entire process of development; subsequently, it represents now only one of the NDP priorities.

10. The RDB monitors the financial realisation of a programme; at project level, the RDA carries out this activity. ***In this respect the Board is in a peculiar position, as its members are funds beneficiaries and the RDA need to report back to them on their projects.***

11. The RDAs monitor the project implementation, and the ministry control the RDAs (through sample of projects). The payments are made by the Ministry, while in the case of other governmental programmes, the RDAs make the payments. Other programmes implemented in the region by the RDA are, for example, a WB project in agriculture; Tulcea county council implement a very complex, BERD project, but these operations

are not “integrated” with the regional development plan. This does not happen because the region is not recognised as entity/partner, while the RDA is not recognised as an actor which promotes development but as an actor which provides a series of services for a Ministry or another.

12. Regarding spatial planning, in the counties of the regions exist plans for spatial planning, but in the existing form, it does not have anything to do with the regional development plan. In the best case it may fulfil a “source” function for the analytical part of the RDP.

13. Regarding the “indirect proportionality” issue, between the access to finance and the importance of the RDA/EU funds, in the very well developed cities, a different attitude exists. SMSEs have better access to finance, the local revenues are higher; e.g. RDA Bucharest is less interesting for investors, as it manages anyway less funds, as the region it represents is very developed. It is also a problem of mentality: if, for example, the mayor of a city (Timisoara) is more interested in projects without an impact on regional development, but which has an impact on the electors in short run (hospital renovation etc.), he will go for “easy money”, especially when one takes into account also competition, documentation etc. which is involved by applying for European funds



## **Annex 17. Interview with Mr. Simion Cretu, General Director, RDA Region Centre, Alba Iulia, January 2004**

1. Regarding the statute, of NGO, of the RDA, in order for a governmental layer to be created at regional level, the region needed to exist as administrative-territorial unit. As long as no administrative-territorial region and no regional government were set up, this solution was adopted, in accordance with the proposals of the Green Book on Regionalisation. As regards the continuation of the regionalisation process as such, the prime-minister said that the existing structures are enough for the EU funds implementation; a radical administrative-territorial reform, in the sense of creating a regional governmental tier, in the middle of negotiations with the European Commission would create a high degree of confusion, and chaos.

2. The members of the RDB do not have a political commitment vis-à-vis the region as such, but for the county or municipality they represent. Me, as director, I am here to manage a programme. The prefect participates in the meetings of the RDB, but it has no voting right. The RDB monitors/observes the financial realisation of the related regional Phare ESC, as a sort of Monitoring Committee.

3. In Sept 2002 the decision to elaborate the Regional Development Plan was taken. A series of structures for elaborating the RDP were set up at county level, i.e. a sub-regional planning committee, with representatives of all stakeholders, and a planning committee at regional level; different priority fields were discussed in planning sectoral committees; on top of all these bodies, a regional conference was organised with a “deliberative” role. This entire process took a few months. Consequently, at regional level, a very wide and divers network is created, despite the lack of traditions in this sense; all stakeholders are permanently involved in the programming phase, socio-economic actors, NGOs, academia, etc.; their permanent involvement results in a final regional development plan which corresponds, as much as possible, to everybody’s positions and interests.

4. Problematic is that, at the moment the plan is drafted, it is not known what funds will be made available for its implementation. These sums are decided, at a certain point, at national level, (through the Financial memorandum etc.) but the distribution of these funds towards the regional level comes later. A clear formula for distributing these funds to the regions was adopted rather late, and this formula will be used for Phare 2004. Because we do not have a clear, financial allocation, at the moment we draft the plan, we do insert in it all kind of measures and priorities in the plans, therefore, in practice, it is difficult to use these plans as operational documents.

5. The National Fund for Regional Development is managed by MEI (sic!) and it is correlated with the national budget, as it involves the European allocated funds plus the national co-financing. To the RDF the county and municipalities contribute in two ways: co-financing their projects, and contributions for the functioning of the agency. After the MEI started to supplement the budget of the agency, this was able to function properly. The budget for regional development consist only in the European funds received from the government (Phare ESC), or other governmental programmes the RDA is asked by different ministries to implement, e.g. for SMSEs.

6. As regards the regional development concept in Romania, we have to keep in mind the fact that in 1995-6 this concept was absent, and currently, it is implemented/used/

applied in Romania. The EU did not impose anything, in terms as how the regional structures should be organised, they just needed a NUTS II statistical level for the funds' implementation. The way to organise this statistical layer was left to Romania. Unfortunately, the concept of regional development is still not very well (widely) understood, and often manipulated politically; the discourse around it is not consistent, comprehensive, and based on scientific research.

7. The decision-making power at regional level belongs to the RDB, which approves everything as regards the RDA, organisational chart, budget, projects etc. The council (as political body) oversees the activity of the RDA; for the programmes the agency implements, the MEI carries out a “technical” coordination. The National Board for Regional Development is more of a formal institutions, it meets once per year. In terms of projects, the Delegation decides ultimately which projects will be financed; it is difficult to work with the RDB, as this body is not a permanent one, it meets when it is needed.

**Annex 18. Interview with Mr. Serban Gratian, President of the County Council Cluj and President of the Regional Development Board, North-West Region, January 2004**

1. The participation of the representatives of the local authorities (county councils, municipalities, communes) in the RDB facilitates the promotion of their local interests at this level. For example, the Cluj county council received (through projects) in 4 years 160 million Euro from European programmes (including ISPA, SAPARD), ten times more than the yearly county budget or the equivalent of more or less 14 counties yearly budgets.
2. The RDB in North-West Region meets once per month, the decisions are taken by vote, by the 24 members, through simple majority. At the beginning of the RDB functioning its members were observing more their own interests, nevertheless, in the last 2 years, after the members got to know each other better, they have worked together much better and the decisions are taken in consensus (upon informal, “underground negotiations” and agreements).
3. There are limited connections between the RDB and the NBRD. The national council decides the strategy and the evaluation and selection criteria, and the decisions are taken at county level, without the interference of the NB.
4. Several other investments are carried out in the region, by the county councils, with county&national funds e.g. the Cluj international airport, which became in 3 years, the third largest in the county, waste management system in Cluj county (continued with an ISPA project); utilities, transport infrastructure. The Cluj county has its own development strategy and afferent investments. The situation is not the same in the other counties in the region, as Cluj is the most active in this sense, most probable also because it has more financial resources available, as it is economically more prosperous as the other counties.
5. Regarding the contribution of the county Cluj to the budget of the RDA, we think that, for its functioning needs, this is too big! And this is the only aspect we did not succeed in resolving with the agency, some sums still need to be paid to it (sic!).
6. There are psychological barriers regarding regionalisation, and setting up a genuine administrative-territorial region, especially in some areas, sensitive areas (2 counties with strong Hungarian minorities).
7. The centrality of the Romanian state was not affected by the creation of these regional structures. It was just fulfilling one condition for entering the EU and benefit from development funds.

## **Annex 19. Interview with Mrs. Georgeta Smadu, Director, RDA North-East Region, Piatra Neamt, January 2004**

1. Considering the fact that the concept of regional development is very new in Romania, and that the country territorial-administrative organisation is based on central government and counties, the choice for volunteer county agreements in NUTS II regions and RDAs and RDB was understandable. The EU and the Delegation supported this formula, as well. The agencies are executive bodies of the RDBs which approve everything related to the agencies, from its budget, to its development plan and the selected projects.

2. If reaching an agreement on these two arrangements was not difficult, more difficult was to assure the functioning of the agency, as the local authorities do not always understand to pay their contributions to the RDA budget. Lately, the situation was changed in the sense that only the *county councils* have an obligation to contribute to the RDA budget, while some other activities of the agency are financed through Phare project. The needs of the RDA, especially in terms of training and know-how transfer, are covered to a certain extent from some projects, financed in the framework of Phare programme, for which the agency applies as any other beneficiary.

3. The members of the RDB do represent the interests of the local authorities involved, and try to obtain financing for as many projects as possible in their jurisdictions. There were situations in which, due to this situation, decisions on certain projects were difficult to reach; nevertheless, after negotiations, a series of choices were made. Gradually, the members of the RDB understand that some priorities need to be set up, and that not everything, and immediately, can be financed. The county councils presidents represent decision-making “poles” within the RDB. If a commune intends to ask financing for a major infrastructure project, it needs to discuss and get the approval of the county council, as this is the one distributing the public funds towards the communes and the co-financing of the project would depend on the budgetary allocation made by the county council towards the commune (sic!).

4. The institutional changes at central level, from the National Agency for Regional Development to the Ministry of Development and Prognosis, further to the Ministry of European Integration determined a certain instability which affected the activity of the agency along a few months (each time). One positive aspect would be the fact that position of the MEI is a stronger ministry, in comparison with the MDP.

5. There is a strong correlation between the regional development plan and the spatial planning plans: the spatial plans at local level are obligatory for financing infrastructure projects. If the local authority asking for financing for an infrastructure project do not submit the local urbanism plan, it does not receive financing. Currently, in the N-E Region one of the two pilot regional territorial plans are elaborated (it was launched in 2002 with a meeting in Bacau). The same goes for the regional statistical regions. Even if we have discussed for 2 years, they are at the very beginning as well.

6. Regarding the RDP, permanent communication with the RDB and the Ministry on its different versions is carried out. When the RDP is finalised, it is attached to the NDP, which is sent, for information, to the European Commission. It is not the EC role to approve it, as this document contains also national and other international donors programmes/investments, the EC gives only its opinion on this plan.

7. The RD could not influence ISPA, SAPARD and other sectoral, centrally-decided strategies and programmes etc. The regional level do not play a role in the elaboration phase, only, eventually, in implementation; the RDA inserted in the plan the needs and investments related to these programmes, in order to correlate them with the operations to be financed with Phare ESC funds.

8. The control (n.a. understood very widely, as financial control, monitoring, evaluation) is done at several levels, by the agency, by the ministry, by other bodies and the European Commission delegation. Sometimes we are visited by evaluators, from the side of the E Commission, as well. At project level project indicators are set up, and these are monitored by the agency, through the request for payments made by the beneficiaries (these are verified by the agency and sent to the Ministry which makes the payment). One important aspect: the implementation, monitoring, control activities require significant resources: human, financial, office infrastructure. On one side, the agency wants to approve and implement as many projects as possible, on the other side it needs to take into account the resources necessary to implement them and round them up according to the procedures (sic!). As in other regions, the same problems exist in N-E as well; the county councils do not understand why they have to finance the activity of the RDA. Some other have financial problems, some other refuse to pay because none of their projects have been approved (some localities were not eligible, e.g. communes where the necessary investments were made under SAPARD)

9. Project generation facilities are organised for potential beneficiaries under a TA country-project, of 2 mil Euro (distributed to the regions directly proportional with the budget which needed to be absorbed), contracted between the MEI, RDAs (as any other funds beneficiary) and a consultancy consortium.

10. If the region is not organised as a territorial-administrative unit, more efforts are needed in order to reach the same results, as regards regional development.

## **Annex 20. Interview with Mr. Liviu Musat, Deputy General Director, RDA South Muntenia, Calarasi, January 2004**

1. As regarding the relationship between the RDB and the RDA, the latest is the executive body of the Board; if we are to drawing a parallel with the national level where the parliament functions as legislative body, and the government as executive body, one can say that the RDB is an embryonic regional parliament (representative), and the agency a regional government (sic!). The regional institutions will evolve together with the regionalisation process in Romania, process which will continue, considering the fact that this is the current trend in Europe. Nevertheless, the moment of institutionalising the regions needs to be determined with a lot of tact and patience, because in Romania there is no clear concept of regionalisation and regional development. The members of the RDB represent the local interests, and they fight for their own jurisdiction, not for the region. If the members of the RDB, as regional parliament, were chosen at regional level, they would have the obligation to think and act regionally.

2. All regional development plans (2000-2002, 2002-2005, 2004-2006) have been elaborated by the RDA in an as wide as possible partnership. Two problems were encountered in this process: *continuity* and *representativity*. On one side, different representatives of one institution were taking part in the discussions on the plan (in time), and this hampered building up knowledge on regional development aspects, and some other institutions were not represented in these discussion by persons able to make the necessary decisions, and having the necessary background and level of knowledge, but by junior, inexperienced people. In September 2002 the preparation of the RDP 2004-6 started, this was approved in December 2003!

3. As the other agencies, the South Muntenia Agency has problems in receiving the contributions from the local authorities for it functioning (there are 504 territorial-administrative units in the region). Currently, due to this lack of financial resources, the agency is understaffed, 34 staff work instead of 60 persons needed.

The approach decided was for the agency to prove to the local authorities its added value, and, in this way to convince them that this contribution needs to be made is based on good communication strategy, visits, to all local authorities.

4. The financial allocation to each region (from the annual total Phare ESC budget) is made by the MEI, approved by the NBRD, and directed at the particular measures in the RDP which correspond to the priorities in the Phare ESC Programming Document. The RDP does not provide for the financial sources for all proposed priorities; this is exactly the difference between a plan and a programme.

5. The RDP was elaborated in wide partnership, at county and regional level, with representatives of all stakeholders. As the plan was just finalised in December 2003, we are trying to find a way to keep these partnership active until the preparation for the structural funds starts. It is difficult to maintain this partnership, due to two factors: lack of tradition and resources. The RDA does not have resources to undertake different actions in order to stimulate, and keep alive, these partnerships.

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## **LEGISLATION AND OTHER BASIC DOCUMENTS**

### **PRE-ACCESSION ISSUES**

COUNCIL REGULATION (EEC) No 3906/89 of 18 December 1989 on economic aid to certain countries of Central and Eastern Europe, consolidated text

COUNCIL REGULATION (EC) No. 1266/1999 of 21 June 1999 on coordinating aid to the applicant countries in the framework of the pre-accession strategy and amending Regulation (EEC) No 3906/89

COUNCIL REGULATION (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities

COUNCIL REGULATION (EC) No. 622/98 of 16 March 1998 on assistance to the applicant States in the framework of the pre-accession strategy, and in particular on the establishment of Accession Partnerships

GOVERNMENT DECISION no 1011/1999 for the approval of the Memorandum of Understanding between the Romanian Government and the European Commission on the setting up of the Central Financing and Contracting Unit (OPCP/CFCU) signed in

Bucharest, on 16<sup>th</sup> of July 1998, and of the Memorandum of Understanding between the Romanian Government and the European Commission regarding the setting up of the National Funds, signed in Brussels on 20<sup>th</sup> of October 1998

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Chapter 28 “Financial Control”

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## **COHESION POLICY 2000-2006**

COUNCIL REGULATION (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds

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COUNCIL REGULATION (EC) No 1105/2003 of 26 May 2003 amending Regulation (EC) No 1260/1999 laying down general provisions on the Structural Funds

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REGULATION (EC) No 1784/1999 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 12 July 1999 on the European Social Fund

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### **COHESION POLICY 2007-2013**

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<http://www.fonduri-ue.ro/index.php?sectionId=172>

Regional Operational Programme 2007-2013  
[http://www.inforegio.ro/index.php?page=PUBLICATIONS\\_POR\\_2007\\_2013](http://www.inforegio.ro/index.php?page=PUBLICATIONS_POR_2007_2013)

Regional Development Plan 2007-2013, North-East Region, Piatra-Neamt  
[http://www.adrnordest.ro/index.php?page=LIBRARY\\_STRATEGIC&language=2](http://www.adrnordest.ro/index.php?page=LIBRARY_STRATEGIC&language=2)

Regional Development Plan 2007-2013, South-East Region, Braila  
[http://www.adrse.ro/DocumentePDR/PDR\\_2007-2013.pdf](http://www.adrse.ro/DocumentePDR/PDR_2007-2013.pdf)

Regional Development Plan 2007-2013, South/Muntenia Region, Calarasi  
[http://www.adrmuntenia.ro/pagini/planul\\_de\\_dezvoltare\\_regionala\\_286.html](http://www.adrmuntenia.ro/pagini/planul_de_dezvoltare_regionala_286.html)

Regional Development Plan 2007-2013, South-West/Oltenia Region, Craiova

<http://www.adroltenia.ro/newro/pagina.php?cod=5>

Regional Development Plan 2007-2013, West Region, Timisoara

<http://www.adrvest.ro/index.php?page=domain&did=180>

Regional Development Plan 2007-2013, North-West Region, Cluj-Napoca

[http://www.nord-vest.ro/Document\\_Files/PDR%20%202007-2013\\_hpqtpb.zip](http://www.nord-vest.ro/Document_Files/PDR%20%202007-2013_hpqtpb.zip)

Regional Development Plan 2007-2013, Centre Region, Alba Iulia

[http://www.adrcentru.ro/Document\\_Files/ADPlanulRegional/00000021/9591f\\_PDR-2007-2013.pdf](http://www.adrcentru.ro/Document_Files/ADPlanulRegional/00000021/9591f_PDR-2007-2013.pdf)

Regional Development Plan 2007-2013, Bucharest-Ilfov Region

<http://www.adrbi.ro/content.php?varPg=3>

SOP Increase of Economic Competitiveness 2007-2013 Romania

<http://www.fonduri-ue.ro/index.php?sectionId=190>

SOP Transport 2007-2013 Romania

<http://www.fonduri-ue.ro/index.php?sectionId=190>

SOP Environment 2007-2013 Romania

[http://www.mmediu.ro/proiecte\\_europene/01\\_integrare\\_europeana/02\\_POS\\_mediu/SOP-ENV\\_revised-official-version\\_30May07.doc](http://www.mmediu.ro/proiecte_europene/01_integrare_europeana/02_POS_mediu/SOP-ENV_revised-official-version_30May07.doc)

SOP Human Resources Development 2007-2013 Romania

[http://www.fseromania.ro/down-docs/sop\\_hrd11.pdf](http://www.fseromania.ro/down-docs/sop_hrd11.pdf)

OP Administrative Capacity Development 2007-2013 Romania

<http://www.fonduri-ue.ro/index.php?sectionId=190>

OP Technical Assistance 2007-2013 Romania

<http://www.fonduri-ue.ro/index.php?sectionId=190>

WD no. 5 of the European Commission, *Indicative Guidelines On Evaluation Methods: Evaluation During The Programming Period*, 2007

[http://ec.europa.eu/regional\\_policy/sources/docoffic/working/sf2000\\_en.htm](http://ec.europa.eu/regional_policy/sources/docoffic/working/sf2000_en.htm)

The Evaluation of socio-economic development. The Guide (EVALSED)

[http://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/evalsed/index\\_en.htm](http://ec.europa.eu/regional_policy/sources/docgener/evaluation/evalsed/index_en.htm)

## *Curriculum vitae Laura Trofin*

### **CURRICULUM VITAE**

**Name of Firm** : NEA Transport  
research and training

**Name of Staff** : Trofin, Laura

**Profession** : EU Affairs Advisor

**Date of Birth** : 04-10-1977

**Date with firm/Entity** : September 2007

**Nationality** : Romanian

#### **Membership in professional societies:**

ECPR Standing Group of Regionalism

European Evaluation Society

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#### **Detailed Tasks Assigned:**

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#### **Key Qualifications:**

For three years Laura Trofin has been an expert on Programme and Project Evaluation, i.e. carrying out and the coordination of evaluation processes as such, as well as developing methodologies and procedures. Her expertise is circumscribed especially to pre-accession programmes (Phare) and the EU Structural Instruments. She has been active for more than 5 years in this area, in the framework of her PhD research and through the professional activities she has been carried out.

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- o Programme and Project Evaluation
  - o Phare programmes: programming, implementation, monitoring, evaluation, including Project Cycle Management and PRAG procedures
  - o EU Cohesion Policy: implementation, monitoring/indicators, evaluation, state aid,
  - o Transport ( including infrastructure)
  - o Strategic Environmental Assessment
  - o Cost-Benefit Analysis
  - o European Integration, enlargement
  - o Decision-making in the European Union
  - o Public administration (focus on transitional systems)
  - o Regional development, regionalism, decentralisation
- 

#### **Education:**

October 2008                      Institute for Political Science, WWU University, Münster, Germany  
diploma / degree: PhD  
description: European Studies and Sociology: Multi-level Governance and  
the Management of EU funds for Regional Development in Romania

February 2008                      Post-Academic Course: Introduction in Transport and Traffic

July 2001 Faculty of European Studies, BB University, Cluj-Napoca, Romania  
diploma / degree: B.A  
description: Political Science/European Studies

May 2001 Faculty of Law  
diploma / degree: Certificate  
description: Exchange Law Student

**Trainings:**

Topic of Training	Training deliverer	Duration & Training date	Location
Management of Evaluation	Jim Fitzpatrick, Niall McCann, David Hegarty	April 17-18, May 16-17 and 24-25 2006	Bucharest, Romania
Managing Phare Interim Evaluation Scheme	ECOTEC Romania	April-August 2006	Bucharest, Romania
Phare programming and Evaluation	RO 2003/005-551.03.03.04	2-4 May 2006	Poiana Brasov, Romania
Structural Funds Management in Hungary	National Development Office, Budapest	7-12 May 2006	Budapest, Hungary
Structural Funds Overview: management, implementation, monitoring, evaluation, financial control	John Bedingfield, Richard Harding	6-8 June 2006	Bucharest, Romania
Project Cycle Management	Andrzej Bialowas	12-15 June 2006	Bucharest, Romania
Evaluation of Structural Funds	Italian Evaluation Unit	2-7 August 2006	Roma, Italy
Implementing Structural Funds in Saxony, Germany		12-16 September 2006	Leipzig, Dresden, Germany
Policy and Planning Evaluation (including CBA and MCA)	National University of Ireland: Jim Fitzpatrick, Niall McCann, David Hegarty, Prof. Michael Cuddy	18-24 September 2006	Galway, Ireland
Mid-term and on-going evaluation of Structural Funds		7-9 November 2006	Budapest, Hungary
Monitoring of Structural Funds Projects	ECO 3 (European Consultants Organisation)	12-15 February 2007	Sinaia, Romania
Training on Transition Facility	Phare RO 2003/005-551.03.03.04	15 – 17 February 2007	Sinaia, Romania
Structural Instruments – Practical Course	John Bedingfield, Richard Harding	19-21 February 2007	Bucharest, Romania
<b>Training Seminar for Members of the Evaluation Plan Committees (including CBA and MCA)</b>	David Hegarty and Jim Fitzpatrick	26 February 2007	Bucharest, Romania
<b>Practical training on project management, payment and control</b>	Lenglet et Paul Cardi – Twinning Experts	27 February-1 March 2007	Bucharest, Romania
<b>Cost-Benefit Analysis</b>	NEA/PANTEIA NL	08 – 11 May 2007	Sinaia, Romania

**Employment record:**

September 2007 - Present : NEA Transport research and training, the Netherlands  
EU Affairs and Evaluation Advisor

March 2006 - August 2007 : Ministry of Economy and Finance, Authority for the  
Coordination of Structural Instruments/Evaluation Central Unit, Romania  
Evaluation Expert

January 2004 - August 2004 : Regional Government, Flevoland, the Netherlands  
In-service training, Management and  
implementation of Structural Funds

October 2001 - March 2003 : Institute for Political Science, WW University Munster,  
Germany

Research assistant/ Coordinator of the International  
Relations Office

**Since September 2007 onwards (as NEA Employee)**

Project Coordinator of the Ex-post evaluation of INTERREG 2000-2006 Community Initiative, assigned by the European Commission DG Regio

Evaluation Expert INTERACT Community Programme ex-post evaluation, assigned by the European Commission DG Regio

Evaluation Expert In-depth analysis INTERREG 2000-2006 Community Initiative ex-post evaluation, assigned by the European Commission DG Regio

Evaluation Expert, Impact Assessment of the INTERREG 2000-2006 Community Initiative, assigned by the INTERACT Programme Managing Authority

Team Coordinator, Sofia Airport: Performance of Survey on Standard Weights of Passengers and Baggage, project assigned by the European Aviation Safety Agency (EASA)

Romania Country Expert: Assessment of the Transport Sector in Romania and Poland, Internationalisation and Labour Market

Governance and Urban Issues Expert in the framework of the Urban Audit Analysis II, assessment commissioned by the European Commission DG Regio

European Cross-Border Cooperation and Regional Development Expert, Expert Network on Complex Border Regions, assigned by the Ministry of the German Community in Belgium

Project preparation and appraisal expert, Project "Organising the collection of waste from IWT vessels in Romania" to be financed with EU structural funds from the SOP Transport Romania

Country expert-Romania in the framework of the "Partners for Roads", Programme of the Dutch Ministry of Economic Affairs, directed at the National Companies for the management of Roads in new members states of the European Union

Ex-ante evaluation of the Framework Document for the Implementation of the Sectoral Operational Programme Transport, Romania

**March 2006-August 2007, as Evaluation Expert within the Evaluation Central Unit, Ministry of Economy and Finance, Romania**

Project Manager of the Phare Interim Evaluation Scheme, 2 years evaluation project, budget: 2 million Euro

- drafting and assessing terms of reference,
- project appraisal,
- quality control of evaluation reports,
- communication and dissemination of draft and final evaluation reports,
- management of the follow-up process

Evaluation expert involved in the co-ordination of the ex-ante evaluation of the seven Operational Programmes 2007-2013, which implement the European Structural Instruments in Romania (including the SOP Transport and SOP Environment), 1 year and a half project, budget 1,1 million Euro

- support to the coordination of the ex-ante evaluation process (procedure and content),
- coordination of Strategic Environmental Assessment process (SEA) for Convergence Objective,
- quality control of evaluation reports,
- design and management of institutional building actions for public administration, in the field of evaluation

**January 2004 - August 2004: Regional Government, Flevoland, the Netherlands**

- assessing, selecting and guiding projects submitted for European Structural Funds co-financing (for all 5 major European Funds: ERDF, EAGGF, ESF, FIG, Cohesion Fund)
- monitoring of the projects implemented by the EU funds beneficiaries

<b>Language</b>	<b>Reading</b>	<b>Writing</b>	<b>Speaking</b>
Romanian	Mother Tongue	Mother Tongue	Mother Tongue
English	Excellent	Excellent	Excellent
German	Excellent	Good	Good
French	Excellent	Good	Good
Dutch	Excellent	Good	Good

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**Certification:**

I, the undersigned, certify that to the best of my knowledge and belief, these data correctly describe me, my qualifications and my experience.

\_\_\_\_\_ Date: \_\_\_\_\_