„Impact evaluation of Priority Axis 1: Support to sustainable development of cities - urban growth poles, KAI 1.1”

Contract no. 260/23.07.2014

Evaluation Report

Final version – March 2015

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Beneficiary:

Ministry of Regional Development and Public Administration

Project implemented by:

SC ACZ Consulting SRL (Leader of Consortium)

SC T33 SRL (Associate 1)

SC IRIS SRL (Associate 2)

„ *Impact evaluation of Priority Axis 1: Support to sustainable development of cities - urban growth poles, KAI 1.1”*
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This report is the result of an independent evaluation conducted by the consortium formed by SC ACZ CONSULTING SRL (Association Leader), T33 (Partner 1), IRIS (Partner 2), under the contract with the Ministry of Regional Development and Public Administration, Romania.
The opinions expressed herein belong to the Consortium and do not necessarily reflect the views of the Contracting Authority, respectively the Ministry of Regional Development and Public Administration, nor the Management Authority for the Regional Operational Programme.

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No.	Date	Description	Action	Pages
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ACRONYMS

RDA:	Regional Development Agency
MA:	Managing Authority
MA ROP:	Managing Authority of the Regional Operational Programme
BI:	Bucharest – Ilfov
UC:	Urban Centers
RDD:	Regression discontinuity design
KAI:	Key Area of Intervention
IB:	Intermediate Body
NE:	North East
NW:	North West
OECD:	The Organisation for Economic Co-operation and Development
GP:	Growth poles
UDP:	Urban Development Poles
PEST:	Political, Economic, Social, and Technological Territorial
GDP:	Gross domestic product
IDP :	Integrated Development Plan (related to Growth Poles)
IUDP:	Integrated Urban Development Plan (related to Urban Centers and Urban Development Poles)
ROP:	Regional Operational Programme
PSM:	Score propensity correlation method (Propensity Score Matching)
AIR:	Annual Implementation Report
SE:	South East
SM:	South-Muntenia
SMIS:	SMIS - Single Management Information System
SW:	South-West Oltenia
SWOT:	Strengths, Weaknesses, Opportunities and Threats
EU:	European Union
W:	West

EXECUTIVE SUMMARY

The final Version of the Evaluation Report presents the results obtained by assessing the impact of Key Area of Intervention (KAI) 1.1 - Integrated urban development plans, Priority Axis 1, within the Sectorial Operational Programme 2007-2013.

This evaluation process takes into consideration the fact that, within this KAI, there are defined three sub-domains (Growth Poles, Urban Development Poles, Urban Centers) and 3 types of operations and eligible activities (urban infrastructure, business environment development and social infrastructure).

The methodology used to assess the impact of KAI 1.1. involved the following 3 stages: i) the literature review, ii) a quantitative analysis which is mainly characterized by the application of counterfactual technique Difference-in-Difference in order to analyze the Urban Centre sub-domain, and iii) a qualitative analysis based on field data collection using a series of tools: individual interviews, case studies, survey by questionnaire, nominal groups, Delphy analysis, focus group, panel of experts, SWOT Analysis, PEST Analysis, logic model, techniques based on matrixes.

The conclusions and recommendations that can be drawn are:

Conclusion n.1: Positive impact of KAI 1.1 on increasing quality of life and creating jobs

The estimates conducted in the analysis **indicate a positive net effect for all the indicators used in the counterfactual analysis**. This result was achieved mainly thanks to the realization of basic urban infrastructures and social infrastructures rather than developing business support structures and entrepreneurship, which has been implemented in a smaller proportion and therefore has had less impact compared to other actions within the intervention.

Recommendations

The cautions expressed about the interpretations of the counterfactual analysis results led to the recommendation to update the counterfactual model, in order to take into account the future time series of the indicators, because the sustainability of these results have to be further examined to see whether they are confirmed in the next years.

The availability of a reduced number of indicators has diminished the capability to assess KAI 1.1. It is recommended for the MA to clarify right away from the start of the new program the cognitive objectives of the evaluation, in order to plan at an early stage which indicators and what data will be needed and to take the necessary steps to ensure their presence.

Conclusion n.2: Positive impact of KAI 1.1 on the reduction of unemployment rate

The estimates conducted in the analysis allow showing **a better performance of beneficiaries** than non- beneficiaries **in terms of the rate of unemployed individuals and by the rate of average number of employed individuals**. At the beginning of the financing period, connectivity was one of the main gaps to create adequate pre-conditions for development and growth. In such a context, the implementation of the intervention has created new jobs mainly related to the realization of the urban infrastructures. In any case, it is to be more deeply evaluated the lasting and long term effect of the policy in terms of job creation.

Recommendations

The sustainability of these results have to be further examined in the future to understand if they will be confirmed in a longer term.

Conclusion n. 3: Positive impact of KAI 1.1 on the city attractiveness

The estimates conducted in the analysis allows showing **a better performance of beneficiaries in terms of attractiveness, measured by the rate of new born and the immigration rate**. Municipalities being beneficiaries attract immigrants more than non beneficiaries showing an improvement of their attractiveness compared to other set of municipalities not financed through KAI 1.1. The cities being beneficiaries show a lower decrease in the rate of new borns than non beneficiaries, resulting as a positive net effect. This can be explained also through the improvements generated by the KAI 1.1 in basic urban infrastructures, social infrastructures and substantially in quality of life of citizens, mobility, accessibility and sense of public safety.

Recommendations

It is recommended that the sustainability of these results to be reconsidered in the next period to see if they are confirmed in the coming years.

Conclusion n.4: Positive impact of KAI 1.1 on human capital

The quantitative analysis shows a light improvement in this field of beneficiaries compared to the counterfactual group. **Beneficiaries perform better than non beneficiaries in particular in rate of inviduals enrolled in high school**. It is noteworthy to underline that investments in connective infrastructures mobilize human productivity and can lead, as a consequence, to a positive net effect on economic and social development.

Recommendations

The sustainability of these results have to be further examined in the future to see if there are confirmed in the next years.

Conclusion n. 5: Intervention characterized by an approach with "defensive" profile, by including in PIDU, predominantly infrastructure projects and the factors which have determined the impact of KAI 1.1

The local strategies supported by the KAI 1.1 have been characterized by a predominance of a "defensive" intervention profile, that has led to an under-representation of the dimensions related to the support of economic activities and sustainable development. **This profile has mainly been characterised by investments in urban and social infrastructures able to produce effects directly noticeable in the citizens' life.** This kind of approach has been widespread, in order to give an answer to the urgent needs of the communities located in disadvantages urban areas, for which the situation was further exacerbated by the economic crisis, with relevant consequences on economic activities and employment.

The "defensive" approach was crucial because it allowed reducing the gap in terms of infrastructure equipment of cities in Romania, thus ensuring a closeness to the EU average considering the analyzed element. In the case of urban development poles and urban centers the "defensive" approach had a more pronounced character than the growth poles.

If we take into consideration the short-term effects, the most relevant impacts have been observed where the investments in urban and social infrastructures have been addressed to disadvantaged urban areas, in which basic instances assumed a great importance, connected to accessibility and security.

Recommendations

In order to plan more effective policies, MA ROP is recommended to take into account the socio-economic indicators for the classification of the eligible intervention's areas (sub-domains); in this way it will be possible to strengthen the relevance of investment's policies according to the territorial needs.

It is also recommended to give continuity to these interventions in the new programming period, considering the possibility to include urban areas excluded in the current structure of the KAI 1.1.

Conclusion n.6: Impact of KAI 1.1 on administrative challenges for Romanian cities – it was noticed a positive contribution to the promotion of a polycentric approach

KAI 1.1., through its three sub domains (the growth poles, the urban development poles and the urban centers), **has allowed to implement the polycentric approach, in line with the objectives of the National Strategy for Development and the Community Strategic Guidelines for the programming period 2007-2013**. The involvement of the three sub-domains (growth poles, urban development poles and urban centers) **has contributed to promote the national urban network, including links between the economically strongest cities (growth poles) and other urban area (urban development poles and urban centres)**. Polycentric approach covered the entire national territory thus supporting the sustainable development of all regions (spatial analysis p 293 -295).

Recommendations

The polycentric approach should be strengthened through a strategic diversification of the urban interventions based on the different socio-economic needs of the cities. It would be useful to take into account the socio-economic indicators for the classification of the eligible intervention 's areas (sub-domains), in this way it will be possible to strengthen the level of relevance of investment's policies compared with the specificities of the territorial needs

(paying attention also to the example of the other European states, mentioned at conclusion n.5).

Conclusion n.7: Positive contribution to the launch and promotion of an integrated approach

KAI 1.1 intended to respond to the needs of all Romanian cities, with a specific view to building a sustainable and competitive national urban system, but unique and internally differentiated. More precisely, by promoting appropriate infrastructure projects, it has intended to increase the economic and demographic density of the main urban centers and facilitate their connection with the smaller towns. At the same time, the integrated perspective of its action has been conceived to encourage the spread on the urban territories of minimum standards of services.

KAI 1.1 has represented also an important tool to display bottom-up integrated practices of planning, which has allowed to activate actors and endogenous investments around shared projects of requalification of the urban areas concerned; thanks to the realization of these projects, the basic condition for sustainable economic development of those areas have been laid. This realization has represented an important opportunity of growth for these territories, not only in terms of the increase of population's quality of life but also for its relevant effects on the capability of the socio-economic actors and local institutions.

The integrated and collaborative approach, manifested through a sectoral and / or territorial integration has been supported by participation and consultation processes involving citizens, associations of interests, NGOs, economic actors and universities. These processes can be considered two positive features in the implementation of the KAI 1.1., in particular in the Growth Poles, where in some cases residents' opinions have been sampled through questionnaires. Prior collaborations also represented a key aspect for the engagement of a large number of actors.

Recommendations

In the future policy design, the MA could implement specific measures that could facilitate territorial and sectorial integration, an aspect that can contribute to the development of the integrated approach; in this regard, it is also important to consider the opportunity in the new programming period 2014-2020 to use some tools of territorial integrated programming, like the Integrated Territorial Investment (ITI) and the Community-Led Local Development (CLLD) [Articles 32-35 of the Common Provisions Regulation]. ITI can be a useful tool to support integrated actions in the urban areas, as it allows combining targets specific to different funds, taking into account also the possibility to combine funds of the Priority Axes and Operational Programmes financed by the ERDF and ESF. CLLD goal is to promote "bottom-up" local development strategies of stakeholder groups at local level. CLLD allows specific needs strengthening, networking and fostering local innovation in individual sectors of the city, allowing the exploitation of resources in the community.

In the future it will be appropriate to do separate calls for each type of city, delimiting in a differentiated manner the scope of the intervention of each of them and their relative purpose. Even resource allocation should be revised in this same perspective: only a

minimum amount of resources should be attributed directly to the city and territories (on the basis of requirements needed to ensure minimum services); on the amount remaining, the cities should compete with each other, presenting projects constructed in relation to the specific area of action.

It is also recommended that in the next phase, local authorities consider the strengthening of the administrative capacity of local human resources in the planning and management of local development strategies. It is also recommended to increase the role of Coordinators of Growth Poles at regional level. Also in this respect, the involvement of IDA (the model promoted in the Growth Poles) for the Urban Centers and the Urban Development Poles can contribute to the efficiency of the programme.

Conclusion n.8: The accesibility of the measure has allowed beneficiaries to plan and realise highly complex projects, especially in the domain of urban infrastructures

As a basic assumption, it is necessary to recall that, given the current implementation status of the projects, it is still too early to assess and comprehend the extended impact of KAI 1.1. According to data regarding the implementation status until August 2014, only 37% of projects (192 out of 518) have been completed both technically and financially. At the same time, the reach of the measure has allowed beneficiaries to plan and realise highly complex projects, especially in the domain of urban infrastructures. The qualitative analysis shows that the measure is additional compared with the other interventions: many of these projects could not have been achieved without the large extent of financial sources made available by KAI 1.1. Moreover, when the projects would have been financed even in absence of this measure (using other financial sources: i.e. local budgets), KAI 1.1 has made possible the reduction of the time span necessary to complete the projects and plans.

Moreover, the integrated interpretation of the monitoring data and the qualitative analysis has highlighted how specific difficulties and bottlenecks have in some cases led to significant delays in the levels of progress of the intervention and, in other cases, affected the quality of the results. These problems were observed in particular in correspondence with the following stages: the delayed launch of the measure; the length of time elapsed between submitting and contracting phases. In the starting phase the greatest difficulty has been the public procurement process. Other problems that have led to delay in the implementation of the intervention derive from the overlapping with other projects under implementation, particularly with those financed under SOP Environment.

KAI 1.1 founded the integrated approach and has provided substantial economic resources to improve the urban environment in Romania.

Recommendations

In order to support a process of organizational learning for the adoption of solutions that promote the modernization, simplification and efficiency of public procurement procedures, we propose to consider the opportunity of exploiting the potential of planning and cooperation in transnational EU platforms or networks for the exchange and comparison of experiences promoted by various European regions on this issue. Due to the peculiar type of interventions promoted by the measure, it could be seized the opportunity to support eco-innovation, environmental protection, promotion of the efficient use of resources,

sustainable mobility by leveraging actions targeted capacity building and transfer of best practices of green public procurement (GPP).

In order to avoid the overlapping between projects promoted in different actions or programs and to assure the finalization of the preparatory projects before the other types of projects, it is suggested to apply a time schedule approach which can enable an integrated approach, in order to plan the launch of calls and to implement the interventions.

Correlating the launching calls for projects at government level and implementing interventions can provide the possibility of integrated interventions at the community level that take into account the needs of beneficiaries. Implementation of this correlation can be done by Ministry of European Funds.

Conclusion n.9: The experience of this evaluation shows the difficulty and the limits of applying counterfactual techniques in particular due to: availability of the information and period of time

Time factor - because the effects of the intervention can be estimated only after one or more years after the completion of all projects funded intervention to exist a reasonable period of time to generate outcomes. DID method is based on two time series: the first is before the intervention, while the second is after the intervention. The projects financed through KAI 1.1. were not completed sufficiently in advance to have a time series, so the estimated impact occurs only for one year. In addition, only a small part of the KAI 1.1. funded projects have been completed at least one year before the time of analysis, mainly due to delays in launching the call for proposals, in conclusion the impact evaluation does not cover the entire KAI 1.1, but only a part. The second factor hindering the use of counterfactual approach is information availability on the urban policy interventions as a whole. In the impact evaluation using counterfactuals is important that the intervention or program to be evaluated, to have a clear demarcation in relation to other interventions or programs in order to avoid the overlap of the effects of other programs, or other actions of the same program, with the effects of the analyzed intervention. In the case of KAI 1.1 it is relevant to consider that this is an additional measure to the policies pursued in the ROP, meaning that KAI 1.1. has foreseen actions similar with other measures included in the ROP, as a whole, but from a point of view different local development. Thus, areas and territories promoted under KAI 1.1 are inherently addressing topics of interest applied to other measures of ROP.

Recommendations

We recommend to create a partnership between MRDPA and other public institutions to provide statistical data in order to collect additional indicators which are currently not collected at city / municipality level, but which are necessary from the evaluation team point of view in order to determine the net impact of KAI 1.1. At this regards, NIS and on-going evaluators could play an important role in data collection also through ad hoc surveys if necessary. A list if indicators for improving the impact evaluation of KAI 1.1 is proposed in Annex 8.

Conclusion n.10: The urban policies launched through the KAI 1.1 have been an important experiment and have given good results

In the next programming period it will be crucial, in order to qualify further the strategic contribution, to focus the attention on the strengthening of the following aspects:

i. **The integrated approach**; the urban plans should not include a simple juxtaposition of projects. In order to avoid this risk, it will be necessary to promote a shared local development strategy among the stakeholders, considering a shared definition of the intervention's needs. Moreover, it will be important to improve the economic dimension of IUDP, as was the case for the GP, where the ratio of infrastructure, social and economic projects was more balanced compared to the situation at the level of UDP and UC.

ii. **The polycentric approach**, diversifying the design of policies based on the socio-economic need of different urban areas and designing different roles for the several types of cities.

iii. The link with the **sustainable development**, assigning a strong priority to the projects that promote energy efficiency, sustainable public transports etc.

Recomendation

It is recommended to analyse the opportunity of including, in terms of strategic planning, the dimension of environmental protection and energy efficiency in the future urban development policies.

1. INTRODUCTION

1.1 PURPOSE OF THE EVALUATION REPORT

The Evaluation Report has as main objective the impact evaluation of KAI 1.1 „Integrated urban development plans", of the 2007-2013 Regional Operational Programme, Priority Axis 1, financed by ERDF (European Regional Development Fund). KAI 1.1. aims to improve the quality of life and to create new jobs in cities and their surrounding areas, by rehabilitating the urban infrastructure, improving services, including social services, as well as by developing business support structures and entrepreneurship.

The report assesses the achievement of the objectives related to the three sub-domains: growth poles, urban development poles and urban centers. In particular, the three sub-domains will be analysed through case studies, focus groups and surveys.

The KAI impact evaluation consists, also, of an analysis of the Romanian urban areas in a wider European context; the literature review contribute to defining the theoretical framework, useful to study more dimensions of the IUDP impact.

Actually, the study tries to highlight the consequences of the IUDP in terms of economic, social, cultural and institutional results, for the urban communities involved. Another important aspect is the system of public and private actors involved, their relationships and how they are connected with the KAI impact.

The analysis of results shows the strengths and weaknesses of the completed actions and makes suggestions for future urban policies and practices, considering, also, the trends in the European Union.

1.2 DESCRIPTION OF THE EVALUATED KEY AREA INTERVENTION (KAI 1.1)

The Regional Operational Program 2007-2013 belongs to the category of operational programs bilaterally agreed by Romania and the European Union, representing the basis of the National Strategy for Regional Development, applied in the eight development regions of the country.

The ROP objectives overlap the strategic directions set by the National Strategy for Regional Development of the National Strategic Reference Framework 2007-2013, promoting a balanced development from the economic, social and territorial point of view, interventions being focused on urban growth poles, improving social and transport infrastructure, sustainable development of business environment and the development and promotion of tourism at regional and local' level, in order to improve the attractiveness for investments, tourism and living in these regions, and especially those lagging behind.

The Regional Operational Program 2007-2013 supports, through its Priority Axes and Key Areas of Intervention, regional and local development by implementing projects aimed at transport infrastructure, social, business and tourism infrastructure, which allow harnessing the existing human and material capital.

For the 2007-2013 programming period, the structure of the Regional Operational Programme includes 6 Priority Axes (including technical assistance) and 14 Key Areas of Intervention. The structure of ROP 2007-2013 is consistent with the objectives of the programming documents at EU level (Lisbon Strategy, Community Strategic Guidelines, EU Cohesion Policy).

Within the Priority Axis 1 of ROP, there are two major areas of intervention – KAI 1.1., Integrated urban development plans and KAI 1.2. Supporting the investments in energy efficiency of blocks of flats. The objective of KAI 1.1. is to improve the quality of life and create new jobs in cities by rehabilitating the urban infrastructure, improving services, including social services, as well as by developing business support structures and entrepreneurship.

Under this KAI there are financed projects included in the integrated urban development plans, aiming to the development or regeneration of cities and increasing of their economic and social role

KAI 1.1 consists of 3 sub-domains, defined according to the type of beneficiary:

1. Urban Centres, represented by cities/municipalities which recorded a population of over 10,000 inhabitants, other than growth poles and urban development poles;
2. Urban Development Poles: municipalities of Arad, Baia Mare, Bacău, Brăila, Galaţi, Deva, Oradea, Piteşti, Râmnicu-Vâlcea, Satu Mare, Sibiu, Suceava, Târgu Mureş;
3. Growth Poles, represented by seven major urban centers and their areas of influence: Iaşi, Constanţa, Ploieşti, Craiova, Timişoara, Cluj-Napoca and Braşov.

The potential applicants for a grant, eligible to apply in accordance with the guidlines, are represented by the local administration authorities, community development associations which necessarily include a city/municipality urban center, growth pole or urban development pole or partnerships between territorial administrative units in urban areas.

According to the Annual Implementation Report for the year 2013 (AIR 2013) under KAI 1.1 of ROP 2007-2013, there has been signed a number of 493 financing contracts with a total value of 2.0 billion euros, of which 1.26 billion euros representing the Community contribution (117% grade of contracting). Between them, 115 projects have been completed, with a total eligible value of 183.9 million eligible, of which 104.0 million euros represinting the ERDF value (9.6% of the ERDF allocation).

Among the encountered problems, there are the major delays in meeting the initial timing of implementation of some individual projects under the integrated urban development plans, related to the seven growth poles, leading to a low level of reimbursement of expenditures.

2. EVALUATION METHODOLOGY

2.1 GENERAL APPROACH

For impact evaluation of KAI 1.1, the evaluation team proposed a methodological approach based on:

- **A participative and transparent process**:

(a) a contact and a dialogue with those involved in the management and the implementation of the ROP;

(b) an on time delivery of the project's activities;

(c) a technical and easy to use quality of the analyses.

- **A "triangulation" of three types of methodological tools:**

 (a) Methods of data/information collection;

(b) Methods of quantitative analysis;

(c) Tools of qualitative analysis.

Furthermore, the "triangular" approach is in line with the European Commission guidelines, which highlights the importance of the integration of various tools to increase their capacity to interpret the findings than if used separate.

- **Methods of data/information collection** allow preparing the use of quantitative tools, reviewing the specific literature, feeding the evaluation process of direct and on field information.

- **Methods of quantitative analysis** allow, by means of statistical analysis, to answer the question *"Does KAI have any effect?"*, which refers to the existence of a causal linkage between the intervention and an ex-post effect.

- **Tools of qualitative analysis** contribute to complement (validate and integrate) the results of the quantitative analysis by addressing the question *"Why and how does the KAI works?".*

This methodological approach requested through ToR is appropriate for the core evaluation questions of the Terms of Reference:

2.2.1 COMBINATION BETWEEN EVALUATION ACTIVITIES AND METHODOLOGICAL TOOLS

The evaluation is based on two types of methodological tools: **horizontal methodologies** which were used for more activities under the evaluation (use of secondary and administrative data; visual mapping; matrix-based assessment techniques) and **specific methodologies** (document review, logic model, SWOT and PEST analysis).

As regarding the main evelution activity, namely 2.2 „Design methodology for the evaluation, analysis and interpretation of the data" and the related sub-activities:

- 2.2.1 describes the main specific tools to be used in evaluation, focusing on the quantitative methods and on the layouts used in the qualitative analysis;
- 2.2.2 is based, mainly, on the horizontal methodologies using the administrative and secondary data;
- 2.2.3 exploits the results of the previous activities involving data analyses and interpretation based on the main quantitative methodologies..

The main tools used along with the specific "horizontal methodologies" in the activity 2.3 " Application complementary methods for qualitative analysis of the results" - case studies, Delphi analyses, nominal Groups, experts panel and benchmarking- are used to: collect information directly from the beneficiaries and target groups; discuss information collected during the evaluation; compare the Romanian case with others in Europe, to enlarge the view on urban policy and to identify good practices and areas of improvement.

The following table summaries the overall picture of the methodological approach.

Table 1 - Activities and methodologies

		Activity 2.1	Activity 2.2 Design methodology for the evaluation, analysis and interpretation of the data			Activity 2.3
			Activity 2.2.1	Activity 2.2.2	Activity 2.2.3	
		Literature analysis	Identification of the adequate methods of evaluation for measuring	Identification of data sources and data collection	Analysis and interpretation of data	Application of complementary qualitative methods of analysis
Methods of data / information collection	Document review	x				
	Case studies					x
	Delphi analyses					x
	Individual interviews			x		
	Questionnaire survey			x		
	Use of secondary data	x	x	x	x	x
	Use of administrative data	x	x	x	x	x
Methods of quantitative analysis	Counterfactual analysis: DID method(Difference in difference)				x	
	Counterfactual analysis: Propensity score matching)				x	
	Counterfactual analysis: Instrumental variable analysis				x	
	Counterfactual analysis: Regression				x	

	discontinuity design*					
	Multiple imputation				x	
	Visual Mapping	x	x	x	x	x
	Logic model	x				
	Matrix-based assessment techniques	x	x	x	x	x
Methods of qualitative analysis	Nominal groups					x
	Experts panel					x
	Benchmarking					x
	PEST analyses	x				
	SWOT analyses	x				

* The methods marked in the above table were not used because of limitations imposed by the data set and they were replaced with alternative methods

2.2 EVALUATION CRITERIA AND EVALUATION QUESTIONS

The study on KAI 1.1 impact evaluation aim to answers two core questions of evaluation:

– **A. What is the net effect of the intervention funds considering the factors that have caused this effect?**

At this regard the net effect has to be intended as the impact of the KAI 1.1. beyond the contribution of external factors.

– **B. What type of intervention gives results, for whom and in what circumstances?**

This question requires a qualitative analysis of the effects in order to compare the different calls, the various beneficiaries and the territorial and sectoral imbalances induced or tackled by KAI 1.1., if any.

The evaluation questions are divided into additional evaluation questions:

1. Which **needs** does the KAI respond to? Which is the role of the KAI 1.1 in the **socio-economic development policy context** of Romania? (A and B)
2. How does the KAI 1.1 **contribute to POR**? (A and B)
3. Which are the main features of the **logical chain of values** of KAI 1.1 **implementation**? (B)
4. Is there a **potential added value** in respect to other interventions? (A)
5. To what extent can be observed **quantitative changes due to the KAI 1.1 effectiveness**? (A)
6. What **mechanisms** have **determined the impact**? The intervention logic **functioned as expected**? (B)
7. Are the observed **changes unequal at territorial / sector level** (at least as evidence of a qualitative analysis)? (A)
8. Are there any **evidences** (at least qualitative) regarding the **long run effects**? (A)
9. Are there any **recommendations** for **future evaluations** coming from the performed analysis? (B)
10. Are there any **recommendations** for **future urban development policy** coming form the performed analysis? (B)

2.3 METHODOLOGICAL APPROACH OF ACTIVITY 1 – LITERATURE REVIEW

The review of the specialised literature

The literature review used different sources that were important to define some relevant and useful aspects for evaluation process of the KAI 1.1. Following there are the sources and the goals of the literature review.

1. *Sources used in the process of literature review:*
a. International articles and papers about urban policies;
b. European and Romanian planning documents (European Urban Agenda and National sustainable development strategy of Romania 2013-2020-2030)

All the collected bibliographical references are listed in the Annex 1.

2. *The main goals of the literature review*
a. International articles and papers about urban policies: to define the main features of European urban policies, which are useful to explain the results of qualitative analysis of the KAI 1.1. Moreover, this framework facilitates the interpretation of qualitative results of KAI 1.1 and strengthens the formulation of suggestions for future policies.
b. European and Romanian planning documents (European Urban Agenda and National sustainable development strategy of Romania 2013-2020-2030): to identify the main features of European and Romanian planning documents about urban policy.

In the Annex 1 it can be consulted the list of papers studied as part of the specialised literature, the objectives of this activity having been described in detail at the 3.1.1 section of this evaluation report. It is also important to mention that each source used corresponds to the main objectives of the literature review.

2.4 METHODOLOGICAL APPROACH OF ACTIVITY 2 –DATA ANALYSIS AND INTERPRETATION

The estimate of KAI 1.1 impact took place in three stages, as described: the selection of the treated group of cities according to the selection criteria, the selection of the counterfactual group of cities through appropriate counterfactual techniques and the quantification of the impact through appropriate counterfactual techniques. In the following paragraphs these steps are explained in detail with a description of the techniques, tools and operational passages that have been made so far by the evaluation team. We mention that the application of the counterfactual analysis techniques was possible only for the sub-domain of urban centers, as explained below in section 2.4.3.

Counterfactual analysis: a model to estimate the impact impact
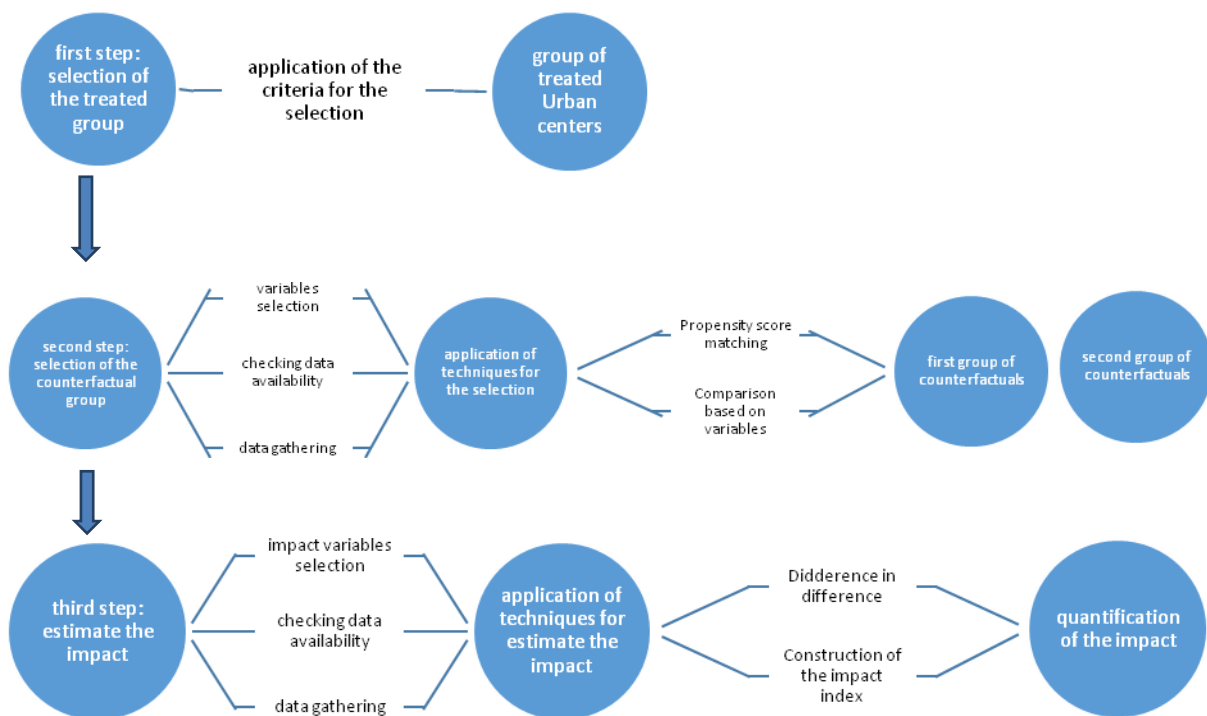
2.4.1 DESIGN OF THE COUNTERFACTUAL ANALYSIS

Therefore, the first step in the counterfactual analysis to assess the impact of KAI 1.1 was the selection of the treated group of urban centres. The KAI 1.1 strategy foresees 3 sub-domains of interventions: (i) Urban Centres; (ii) Growth Poles; (iii) Urban Development Poles.

The identification of Growth Poles and Urban Development Poles was made on the basis of the Government Decision No. 998/2008 regarding the delegation of the national growth poles in which the investments are done with priority from the community and national funding programs. This makes them, from a methodological point of view, a unique phenomenon and, because of this uniqueness, unsuitable for the application of counterfactual technique, given the inability to find a counterfactual group.[1] The Urban Centres includes the cities and municipalities with over 10.000 inhabitants, not included in the Growth Poles and Urban Development Poles categories. The municipality of Bucharest is included in the category of urban centres.

The selection of the Urban Centres for the treated group[2] relied on two criterions: i) to have at least two projects referred to at least two different categories (on the ground to evaluate integrated approach of the urban development); ii) the projects had to be concluded at least one year before (as we have seen above, so as to have a reasonable period of time to allow the effects to manifest themselves).

The result of the application of the criteria outlined above led to the identification of 16 Urban Centres, that are shown below (all these 16 urban centers will form the treated group that is used during this assessment process):[3]

- Miercurea Ciuc Municipality
- Lipova City
- Huși Municipality
- Drăgășani Municipality
- Adjud Municipality
- Carei Municipality
- Tîrgu Lăpuș City
- Alexandria Municipality
- Balș City
- Roman Municipality

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[1] The Evaluability report reaches the same conclusion: "The impact evaluation of KAI 1.1. is rational, the area of intervention can be evaluated, and the counterfactual method can be applied but to a limited extent. The homogeneity and data adequacy criteria limit the application of the counterfactuals in the sub-area - Urban Centers. Therefore we recommend this method for evaluating the impact for this sub-area. "

[2] The KAI 1,1 projects database was provided by the administration. It include 518 project, of which 354 "improve urban infrastructure and urban services, including urban transport" (UI), 117 "Projects providing services that promote equality and inclusion in integrated plans" (EI); 22 "Projects that promote the sustainable development of business" (SDB); 25 projects are not listed in any of the 3 categories

[3] For the indicators used for the selection see § 2.4.3, for a description of the technique see § 2.4.4 for the results of the application of the Propensity score matching see Annex 6 and § 3.2.1.

- Mioveni City
- Botoșani Municipality
- Alba Iulia Municipality
- Vaslui Municipality
- Slatina Municipality
- Drobeta Turnu Severin Municipality

2.4.2 DATA GATHERING PROCESS

One of the main challenges which were faced by the evaluation team during the process of counterfactual analysis was represented by the data gathering activity. Considering the population of interest (the Romanian urban centres, as defined by KAI 1.1.) and the main goal of the evaluation activity, it was decided to have the National Institute of Statistics as the main source of data. Another significant reason which motivated our decision was the need for comparability and so no other source was considered suitable (ex. City Hall, local public institution etc).

As the source of the data was identified, the evaluation team started to identify two groups of variables:

a) Covariates/control variables – they were necessary for selecting the two groups: control group (counterfactual) and treated group.
b) Impact variables – they were used by the evaluation team to asses the impact of DMI 1.1.

The variables proposed in each group were selected using the following four criteria:
a. specificities of KAI 1.1;
b. previous experience of the members of the team;
c. main aspects identified through the study of the literature;
d. availability;

The list of covariates was composed using the TEMPO Database, available on the web page of the National Institute of Statistics. The final list of covariates is the following:

Variable	Source	Period
Built area within cities	INS TEMPO	2007 - 2011
Existing housing at the end of the year, public property	INS TEMPO	2007 - 2011
Existing housing at the end of the year, private property	INS TEMPO	2007 - 2011
Housing finished during the year, public funding	INS TEMPO	2007 - 2011
Housing finished during the year, private funding	INS TEMPO	2007 - 2011
Housing finished during the year, population funding	INS TEMPO	2007 - 2011
Green areas	INS TEMPO	2007 - 2011
Length of modernized roads in cities	INS TEMPO	2007 - 2011

Length of roads in cities	INS TEMPO	2007 - 2011
Number of registered vehicles for local transport	INS TEMPO	2007 - 2011
Length of the simple water distribution system	INS TEMPO	2007 - 2011
Total length of gas distribution pipelines	INS TEMPO	2007 - 2011
Total length of sewer pipes	INS TEMPO	2007 - 2011

The proposed list of impact indicators was tested for availability (the evaluation team assessed the existence of the data at locality level and also the existence of yearly data for the period 2007 - 2013), with the help of the NIS representatives and Romanian police. The list of impact indicators is the following:

Variable (at UC level)	Source	Availability of data at locality level
GDP/capita	NIS	NO
Number of deceased persons	NIS	**YES**
Number of new born	NIS	**YES**
Number of persons benefiting from social services centres	NIS	NO
Life expectancy	NIS	NO
Number of local social centres	NIS	NO
Standard of living: the quality of social services centres'	NIS	NO
Number of unemployed individuals	NIS	**YES**
Average number of employed individuals (individuals who receive a salary)	NIS	**YES**
New work places created	NIS	NO
Attractiveness index of the locality or Selling price of housing/square meter	NIS	NO
Number of immigrants	NIS	**YES**
Number of emigrants	NIS	**YES**
Number of road accidents	Romanian Police	**YES**

Crime rate	Romanian Police	NO
Number of individuals enrolled in school	NIS	**YES**

The name of all the variables marked with YES in the table is the terminology adopted by the National Institute of Statistics (the definition for each variable is presented in Annex).

In order to ensure comparability at territorial level, for each variable a rate was calculated by dividing the initial variable to the population (population registered at first of July – data registered by NIS).

The rates constructed, as described above are the following:

- Rate of deceased
- Rate of newborns
- Rate of unemployed individuals
- Rate of average number of employed individuals
- Rate of Immigrants
- Rate of Emigrants
- Rate of road accidents
- Average rate of individuals enrolled in schools

Therefore the final list of the impact indicators contains the eight indicators listed above and was constructed based on the eight indicators marked in the table with YES for availability.

Another path that has been followed for the collection of data is Eurostat, that has a large amount of data and indicators available at city level http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database, which would have been very useful in the analysis. Unfortunately, the data availability was too little to permit coverage of the Romanian cities sufficient to ensure the correctness of the analysis.

Once possessing the necessary data, it began the second step of the counterfactual analysis, by the selection of the counterfactual group.

To accomplish this step there were proposed in the design phase two techniques: the propensity score matching, and the regression discontinuity design.

2.4.3 THE TECHNIQUES FOR THE COUNTERFACTUAL APPROACH

The propensity score matching

The statistical matching is based on the calculation of a propensity index, which represents the probability of each unit to benefit from the treatment. This propensity index is generally calculated based on a logistic regression model, which uses the largest possible number of variables of the treated and untreated units, in order to absorb and summarize the greatest possible quantity of information in a single score ranging from 0 to 1. After each unit has its own associated propensity score, each treated unit is combined with an untreated unit (the one with the closest propensity score) or with more untreated units (those whose propensity score does not exceed a certain radius distance from that of the treated unit), using the criterion of the nearest neighbour. For each combination we calculate the differential on the outcome (impact) variable: because the units have a combined score very similar we can interpret this difference as a result of the treatment. Finally, we calculated an average of all the matchings differentials to assess the overall effect.

By using the available variables, we proceeded in the calculation of the pscore. Missing data have been replaced for each variable with the average value of the variable among the urban centres with a similar population. The variable on public vehicle "Number of registered vehicles for local transport" has been kept out of the analysis, due to the excessive proportion of missing observations.Three different scores were calculated (to increase as much as possible the possibilities to select untreated urban centres), using first the absolute frequencies of the variables, then their rates normalized to the number of inhabitants, and finally adding directly the number of inhabitants as a further variable. Urban centres have been ordered on the basis of the three scores, and the urban centres have been selected whose score was as close as possible to those of each of the cities covered.

The 34 untreated urban centres selected by the propensity score matching are.

- ALESD City
- CALARASI Municipality
- DEJ Municipality
- FETESTI Municipality
- GHEORGHENI Municipality
- GIURGIU Municipality
- OLTENITA Municipality
- ORASTIE Municipality
- REGHIN Municipality
- RESITA Municipality
- TARNAVENI Municipality
- TURNU MAGURELE Municipality

- AVRIG City
- DARMANESTI City
- DOLHASCA City
- LUDUS City
- NEHOIU City
- PODU ILOAIEI City
- RASNOV City
- SCORNICESTI City
- TARGU FRUMOS City
- TIRGU NEAMT City
- CALAFAT Municipality
- CAMPIA TURZII Municipality
- CARACAL Municipality
- MEDIAS Municipality
- ORSOVA Municipality
- ROSIORI DE VEDE Municipality
- TARGU SECUIESC Municipality
- URZICENI Municipality
- COVASNA City
- MIZIL City
- BIRLAD Municipality
- FALTICENI Municipality

The details of the application of the technique are shown in a table in Annex no. 5.

Since the comparison is only between the treated and non-treated units closest to them, it is possible to calculate the propensity score and look ahead at which of the non-treated units cannot in any way be compared to the treated ones because they are too far away. On this basis, organizational and economic limits can lead to find outcome variables only for units that result comparable, reducing the amount of data needed.

In this case, we used a mixed method, computing the propensity score matching to select a counterfactual sample of urban centres to calculate the difference-in-difference index.

Comparison based on variables

Because of the impossibility to apply the discontinuity design, we choose an alternative method for selecting the counterfactual group, that would allow us to be able to estimate the impact of KAI 1.1 not only on a counterfactual group (based on the propensity score matching, containing 34 urban centres) but also on a second group selected in a different way, so that one can compare various estimates and achieve a more reliable result. This alternative method was a comparison based on variables for all Romanian cities. In order to delineate the two groups of the counterfactual analysis (the experimental group

of urban centres that benefited from the treatment and the control group of untreated urban centres), we proceeded first to the classification of urban centers (UC) on the basis of the projects which they benefited of.

1- Group of beneficiaries I (treated): UCs that benefited from at least two completed projects in the period before November 2013, in at least two of the three foreseen areas of intervention (Projects which improve urban infrastructure and urban services, including urban transport, Projects that promote 'the sustainable development of the business, Projects that promote' equality and inclusion in integrated plans). The two requirements above, together constitute what we call "treatment";

2- Group of beneficiaries II (untreated): UCs that benefited from at least one completed project in the period before November 2013, but that did not meet the requirements of the treatment;

3- Group of non-beneficiaries: UCs that did not benefit from any completed project in the period before November 2013.

The group of beneficiaries I (16 UCs) has been directly selected as the experimental group, which would have to represent the effects of treatment.

The group of non-beneficiaries includes 111 UCs from which it was extracted the control group to be compared with the experimental one.

The group of beneficiaries II (56 UCs) was excluded from the analysis. The reason is the difficulty of assigning these UCs to one of the two other groups. In fact, these UCs do not meet the requirements to be considered treated; at the same time, unlike the group of non-beneficiaries, these UCs benefited from at least one concluded project in the reference period, thus likely enjoying some effect. To increase the clarity and the interpretability of the comparison between treated and untreated groups, we decided not to use these intermediate UCs.

It was decided to select the control group on the basis of the highest possible affinity with the experimental group. To achieve this, the variables available in the time series from 2007 to 2011 have been used.

For each variable, we calculated: the average value during the five year period 2007/2011, the average value per 1000 inhabitants of 2011 and the growth rate in 2011 compared to 2007.

The result of the selection process are presented in the section 3.2 and in the Annex 6 there are presented all the calculation required by this technique.

At this point, based on the collected data on the selected variables, we proceeded to the comparison of the profile of each UC of the experimental group and the profiles of each non-beneficiary UC. For each treated UC, the confrontation followed three separate and parallel criteria:

- Select non-beneficiaries UCs where the values of all variables do not deviate more than +/- 50% from the respective values of the treated UC. In this case, the comparison was with all the non-beneficiaries UC across Romania;

- Select non-beneficiaries UCs where the values of all variables do not deviate more than +/- 75% from the respective values of the treated UC. In this case, the comparison was limited to UCs belonging to the region of the treated UC: the comparison criteria's loosening were offset by a greater geographical homogeneity;

- Select non-beneficiaries UCs where the trends of the variables in the period 2007/2011 did not contradict the direction of those of the treated UC, on all the variables.

The three criteria were applied both on the absolute values of the variables and on the normalized values on the population. In this way it is sought to take account of the starting situation, at the same time from the point of view of absolute magnitudes, from the point of view of magnitudes relativized on population, and from the point of view of the trends already in progress before the implementation of the projects.

In the event that a treated urban centre had not counterpart on the basis of the three set out criteria, we proceeded to the inclusion in the control group of the urban centre, belonging to the same area of Romania, with the most similar number of inhabitants. This is the case of the subsequent cities:

- Botosani;
- Husi;
- Roman;
- Slatina;
- Lapus;
- Vaslui.

The results of applying these three criteria are shown in Annex 7.

The UNTREATED URBAN CENTRES selected by the comparison between variables are:

- AIUD Municipality
- BRAD Municipality
- CARANSEBEŞ Municipality
- ODORHEIU SECUIESC Municipality

- RĂDĂUŢI Municipality
- VATRA DORNEI Municipality
- CISNĂDIE City
- GĂEŞTI City
- HAŢEG City
- MĂRĂŞEŞTI City
- NĂSĂUD City
- OCNA MUREŞ City
- OVIDIU City
- ŞIMLEU SILVANIEI City
- SACUENI City
- CALAFAT Municipality
- CAMPIA TURZII Municipality
- CARACAL Municipality
- MEDIAS Municipality
- ORSOVA Municipality
- ROSIORI DE VEDE Municipality
- TARGU SECUIESC Municipality
- URZICENI Municipality
- COVASNA City
- MIZIL City
- BIRLAD Municipality
- FALTICENI Municipality

2.4.4 COLLECTION OF DATA FOR CALCULATING THE IMPACT

The result of the application of the two different techniques used to select the counterfactual group, led to the identification of the cities for which the team started to collect data for calculating the impact.

Eight indicators were identified as being available at the level of these cities (at city level and for all the Romanian cities), having available time series for the required time period.[4] Based on the initial eight indicators the evaluation team has calculated rates (these rates were calculated for all indicators except "number of accidents"). These rates were calculated in order to improve comparability (between cities with different sizes) and to reduce the magnitude of the values. Each new variable was constructed by dividing the values of the initial variable with the population value.

The eight indicators (the constructed rates) that were used in the analysis are:

[4] The sources and definitons of this indicators are described in § 2.4.2

- Rate of deceased
- Rate of newborns
- Rate of unemployed individuals
- Rate of average number of employed individuals
- Rate of Immigrants
- Rate of Emigrants
- Rate of road accidents
- Average for individuals enrolled in schools

2.5 METHODOLOGICAL APPROACH OF ACTIVITY 3 - ADDITIONAL METHODS FOR QUALITATIVE ANALYSIS OF RESULTS

Following there is the presentation of quantitative and qualitative analysis; in particular, there is a description of techniques and tools mentioned in the Inception report in order to specify the state of the art during the evaluation process of KAI 1.1.

The scheme below summarizes the specific logic of techniques and tools important to examine the object of evaluation: the operations of KAI 1.1 in growth poles, urban centres and urban development poles. The tools (in the middle) are useful to make operating the techniques (on the left side) that helps to analyse the three sub areas (the object, on the right side).
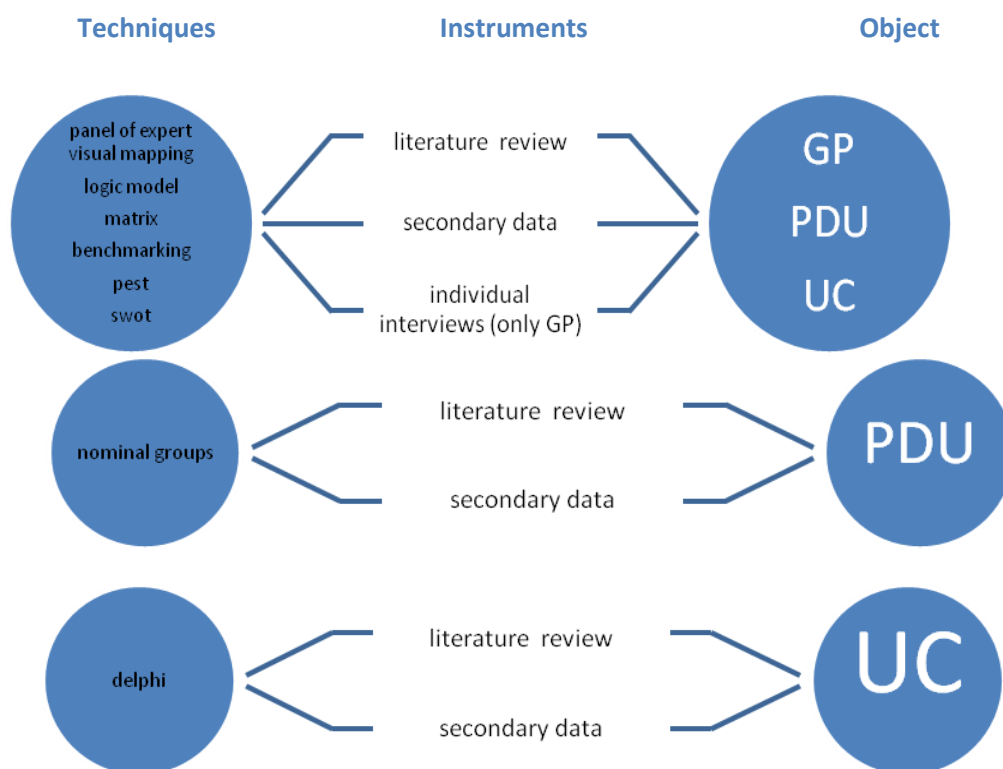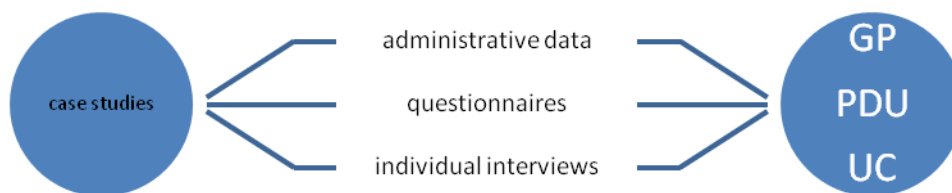
2.5.1 CASE STUDIES

There were selected eight case studies, being respected a regional balance, so as each case study is linked to one of the eight development regions. Secondly, the selection of cities guarantees the balance of three sub-areas involved in the KAI 1.1, so the 50% of case-studies (4) regards the urban centres because they are more numerous than the other ones. The 25% (2 case studies) concerns the Growth Poles, and the last 25% point out the urban development poles.

Furthermore, the selection included also some cities where the implementation process is slower; in fact, there are three case studies (Târgoviște, Craiova, Baia Mare), balanced for each sub area, with a high number of projects not finalized by October 2014.

The other case studies (Botoșani, Adjud, Arad, Brașov) have finalized projects in at least 2/3 different domains by October 2013: infrastructure and transports, social infrastructure, business infrastructure.

Regarding the "BI region", we selected Bucharest because it is the main city in the Ilfov. Regarding Growth Poles, we selected also Brașov because it developed a metropolitan governance approach. The reports of interviews are in the Annex 12 of the report.

Although these are adjacent elements attached to the assesment, within the framework of the case studies we also took into account finding information regarding the relationship between local development policies and IUDP sites, in terms of strategy, objectives, and results, and also identifying some clues that might suggest the existence of a radial effect of the development of analyzed cities.

2.5.2 DELPHI ANALYSIS

The target group included public authorities of all the urban centres. The analysis targeted the preliminary results of the evaluation on Urban Centres. The target group were involved by e-mail in order to ask their opinion and suggestions about future Romanian urban policies in urban centres (the grid of interview is shown in Annex 22).

2.5.3 VISUAL MAPPING

The Visual mapping helps to resume the information regarding the implementation of KAI 1.1 at local level supporting the interpretation of development of the Romanian regions, describing the situation of the implementation process using maps that represent the implementation of the KAI in regions and counties.

2.5.4 LOGICAL MODELS

The logical model is useful in order to define the implementing orientation for each sub area, considering the strategy of Priority Axes 1.1 in the ROP, the specific objective, and the results. This instrument was important for measuring the way in which finalized projects until November 2014 (in each sub-domain) are contributing to the coherence of the associated objectives (expressed in the ROP), and to the relevance of the the socio-economic context.

2.5.5 FOCUS GROUP

The target group included coordinators form the implementation of the IUDP of the 13 urban development poles. The participants were 8 persons, representing 6 Urban development poles. The Focus group was useful to analyse the results of the preliminary evaluation of urban development poles have and to integrate the analysis with new information.

2.5.6 NOMINAL GROUPS

The target group included representatives of the local public administration of the main city of the pole. The NG also included the representatives of ADI for each of the 7 growth poles. The NG aimed to analyze the results of the preliminary evaluation of the Growth poles and to provide new information to the analysis process. The target group was involved by e-mail in order to ask their opinion and suggestions about the future Romanian urban policies, and to examine more advanced evaluation results of Growth Poles (the interview outline is shown in annex)

2.5.7 THE EXPERTS PANEL

The target group included urbanistic academics and experts skilled on urban issues and local development at an European and Romanian level. This instrument supported the analysis, by identifying the results of the evaluation process and discussing them in the European and Romanian frame. In particular, the experts gave their opinion about the evaluation results on growth poles, urban development poles and urban centres. The results obtained completed or validated the qualitative data, collected through the field research. The experts consulted were Dr. Pietro Elisei, Dr. Carlos Machado e Moura and Dr. Davide Fanfani.

2.5.8 BECHMARKING

The aim of this part of the evaluation activity is to provide, by a comparison with the whole of the European territories, information on urban contexts where the projects of KAI 1.1 were implemented.

In ideal conditions, the subject of the analysis should be the same geographical areas in which where conducted subsequent in-depth studies, the cities then in our case. However, the absence of data from official statistics, comprehensive and comparable in both urban and even provincial (NUTS 3 classification of Eurostat), forces us to make a benchmarking at regional level (i.e. at the level of NUTS 2), , the analysis being directed to each development region

Thus, the analysis covered the entire area where the intervention of KAI 1.1 was implemented.

More precisely, in the next diagram, for each of the analyzed zones, there are indicated the statistical indicators which were collected at the NUTS 2 level (source: Eurostat):

Labour market	• Economic activity rates by sex, age and (%) • Economically active population by sex, age, highest level of education attained • Employment by economic activity • Employment rates by sex, age • Employment by sex, age, highest level of education attained • Unemployment rates by sex, age • Long-term unemployment (12 months and more)
Poverty and social exclusion	• People at risk of poverty or social exclusion • People living in households with very low work intensity • Severe material deprivation rate • At-risk-of-poverty rate
Economic accounts	• Gross domestic product (GDP) at current market prices • Real growth rate of regional gross value added (GVA) at basic prices • Compensation of employees • Gross fixed capital formation
Education statistics	• Number of students by level of education, orientation and sex • Education indicators • Participation rate in education and training (last 4 weeks) • Population aged 25-64 with lower secondary education attainment • Population aged 25-64 with upper secondary education attainment

	• Population aged 25-64 with tertiary education attainment • Population aged 30-34 with tertiary education attainment • Early leavers from education and training by sex • Young people neither in employment nor in education and training by sex
Science, technology and information society statistics	• Total intramural R&D expenditure (GERD) by sectors of performance • HRST by sub-groups • Employment in technology and knowledge-intensive sectors and sex • Households with broadband access • Individuals who used the internet, frequency of use and activities
Environmental and energy statistics	• Municipal waste • Coverage rate of municipal waste collection

2.5.9 EVALUATION TECHNIQUES BASED ON THE MATRICES

The matrix summarizes the perception of effectiveness of KAI 1.1 in the eight case studies. In fact, people involved in individual interviews and questionnaires provided ratings on the results of KAI 1.1 in terms of: security, public transport and traffic, green area, tourism, social inclusion, participation of citizens, new jobs, etc.

2.5.10 FACE-TO-FACE INTERVIEWS

The target group included officials from the Managing Authority, Regional Development Agencies and Coordinators of the seven Growth Poles.

This instruments aimed at identifying the socio-economic context, the project implementation of the KAI 1.1 and preliminary elements of evaluation.

The individual interviews were helpful in order to obtain the results of the qualitative analysis (paragraph 3.3).

2.5.11 QUESTIONNAIRE SURVEY

The target group included representatives of the persons who are benefiting from the investments supported through KAI 1.1. (Local NGO involved in promoting programs of personal development and volunteering for children, youngsters and elderly, Social Services Associations, Sustainable Development Associations, Foundations for Promotion of Small and Medium Enterprises, Associations that promotes the development of public services

and utilities, Associations for Development and Socio-Economic Promotion, Associations for Environmental Protection, Local Councils of Small and Medium Enterprises, Associations that provides social services).

This instrument led to the identification of how the impact of the intervention was "felt" in the territory by the associations/organizations/citizens able to express their opinions regarding the results of urban, social and business infrastructures, the main encountered problems and the improvements/suggestions for the future. The questionnaire has been addressed to a target group of 145 respondents. The respondents were selected through the analysis of case studies.

2.5.12 USE OF ADMINISTRATIVE DATA

Administrative data collection during the implementation of socio-economic development programs is a rich source of information regarding costs and beneficiaries. Although this information is of paramount importance for most evaluations, the availability and the data quality requirements are depending on the program implementation mechanisms and on structuring data collection procedure of the needs assessment process.

Administrative data can be used for a whole range of purposes and at each stage of the evaluation process. They generally provide a basis for most evaluations, providing:
• Key elements of the program - number of activities, types of interventions carried out, etc;
• the basis for tracking the results over time or the tracking of the actors involved.

The utility of administrative data as a tool for evaluation, depends on two key issues: quality (duplication, gaps, incomplete coverage, etc.) and availability (registration and a correct taking over).

So, the key-element, for using administrative data, is correct collection of all documents relevant to the program, and the data that must be stored systematically and made accessible in an elementary form.

Elements concerning information already available in the system for monitoring the implementation KAI 1.1 are shown in Annex 3.

2.5.13 USE OF SECONDARY DATA

It refers to data whose collection is not the responsibility of the evaluator (as opposed to raw data, which are generated by the assessment process itself). The three main sources of secondary information on the social and economic development programs are program management documents, statistics and previous evaluations, studies and research.

The collection of data from official sources (especially from European and national statistical institutions, from regional and national administrations – National Institute of Statistics, Romanian Police (with the help of AM POR), Eurostat) is generally a starting point

in the evaluation process. It allows the evaluator to develop a preliminary understanding of the context and needs and it can help the design methodology.

Secondary quantitative data are obtained directly from periodic surveys done by European and national statistical institutes.

Before using secondary data in the process of evaluation, they should be checked:

• if the concepts used by the researcher (construction) and specific secondary data used are consistent;

• Secondary data reliability (reliability problem);

• If secondary data used are not an expression of political views agencies (data source problem biased).

Once the accuracy and timeliness of data were verified, the information was adopted in the assessment. The level of aggregation of the data was taken into account: i.e. NUTS 3 data, was taken into account whenever needed.

Indicators of secondary sources can be used either as a variable in the model counterfactual outcome, either as other variables in quantitative models. Indicators are useful to describe the situation before and after the intervention. Specific details:

• Urban Center is the level of aggregation for which we identified available data (availability of data at district / urban districts or sub-units levels such as census sectors, should be explored)

• We have identified a number of urban infrastructure related indicators ;other indicators may be relevant for the analysis of urban development, ex. net migration rate, especially analysing migration of residents aged 18 and over depending on the level of education.

Preliminary analysis confirms the issues raised in the Evaluability Report concerning counterfactual analysis for KAI 1.1.

In order to store the needed data for assessment, evaluation team has prepared a draft of the layout that was used to collect all available information (see Annex no. 4).

2.5.13 SWOT

The SWOT analysis was been used to examine and summarize the results of individual interviews and case studies. Information was organized in order to define strengths, weaknesses, opportunities and threats of operations in the KAI 1.1. In particular, the recognition of opportunities and threats have been important for the formulation of main recommendations and suggestions for future Romanian urban policies.

2.5.14 PEST

The "PEST analysis" was used in analyzing external factors that influence the project implementation and the results of the KAI 1.1; to this regard, it was also useful the analysis of Romanian context included in the ROP 2007-2013. In particular, in identifying political, economic, social and technological aspects of Romanian and urban context, which influenced the implementation of the projects and the results of the KAI 1.1. The PEST analysis was also a starting point for SWOT analysis.

2.6 PROBLEMS AND CHALLENGES IN THE EVALUATION PROCESS

In the evaluation, problems and difficulties are caused by the non-applicability of the Regression Discontinuity Design method, for the reasons given in paragraph 2.3. This technique has been replaced with a comparison based on the variable, through which has been achieved the same objective, to obtain a second counterfactual group of control.

3. ASSESSMENT FINDINGS

3.1.   Literature review

The literature review is composed of three parts. The first one (paragraphs 3.1.1 and 3.1.2) regards the international literature and highlights some important features of European urban policies, in addition in the Annex 15 there is a section about the dimensions of urban governance. The second part (paragraph 3.1.3) concerns the European Urban Agenda; the third part (paragraphs 3.1.4 and 3.1.5) is a short section about Romanian urban policies, in particular it concerns the contribution of the KAI 1.1 to the national sustainable development strategy of Romania 2013-2020-2030.

In particular, the Urban Agenda and the National sustainable development strategy of Romania are crucial in order to formulate the recommendations about the future urban policies, that will be presented in the chapter 3.3 about the qualitative analysis and in the conclusions.

Moreover, the literature about the Romanian cities and the growth poles (by World Bank) are linked with the chapter 3.3, especially in the 3.3.1 and 3.3.3.

In the following there is a scheme that summarizes the link between the analysis of international literature (paragraphs 3.1.1 and 3.1.2) and the evaluation process of the KAI. The literature review allows to strength the interpretation of results of the KAI, and to formulate more structured recommendations.

International literature about cities	Main aspects from literature that strengths the evaluation process[5]	Useful questions for the evaluation process and to formulate recommendations
3.1.1 The urban issue in Europe	a - Decline of Fordism and industrial abandoned areas b - Increase of tertiary economy and new economy of information c - New strategies and opportunities for cities d - New actors in local strategies	a - Were industrial abandoned areas involved in Integrated Plans? If yes, in which way? b - What was the impact of the Integrated Plans in terms of increase of urban and innovative services? c - Were there new urban strategies compared with the past? d - What are the new local actors involved in the Integrated Plans?
3.1.2 The cities and the concept of competitiveness	a - trade-off of competitiveness b - positive effects of	a – Was there the balance between the economic objective, social cohesion and environmental problems?

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[5] The specific bibliographic references are reported in the paragraphs 3.1.1 and 3.1.2

International literature about cities	Main aspects from literature that strengths the evaluation process[5]	Useful questions for the evaluation process and to formulate recommendations
	competitiveness c - tangible and intangible factors that influence the competitive capacity	b - Were there investments from new economic actors in the Integrated Plans? c – What tangible and intangible factors influenced the results of KAI 1.1?

The questions from the table above are useful starting points for analyzing in particular the results of the case studies, individual interviews, focus groups, nominal groups and Delphi analysis. The responses were considered for completing the Section 3.3 of this report.

3.1.1 - THE URBAN ISSUE IN EUROPE: AN INTRODUCTION

In this first section there will be an introduction concerning the cities, which attempts to answer the following question: why urban policies have become so important in recent decades?

Since the 80's, European institutions have started to consider cities as the most involved territorial level into globalization and economic reorganization processes. Historically the western societies have tried to achieve social and economic improvements through big efforts that involved the urban dimension (Vinci, 2002**). It seems to be at least two crucial factors that influenced the increase of the role of cities: the decline of Fordism and the development of the new economy of information.**

In particular, there was a fast and irreversible decline of some productive sectors that characterized the previous western industrial system. Moreover, there have been an increase of tertiary sector and services for people and enterprises; these services became increasingly specialized and dislocated (Hall, 1993). The affirmation of information technologies created new industrial sectors and determined the appearance of new organizations for the enterprises (network model of organization, networks of enterprises) that redefined the traditional spatial relationships between economic processes and territory (Castells, 1989).

The two aforementioned factors have had several implications for the city, from spatial, economic and social point of view. The deindustrialization process caused the increase of urban degeneration, also in the city centre, the unemployment, and consequently the poverty and the social marginalization. Regarding the spatial dimension, **new localized elements** replaced the old ones of industrial cities, such as **innovative enterprises, good infrastructures, cultural attractiveness** able to answer to more sophisticated demands of new managerial classes (Martinotti 1993; Antonelli 1999). These criteria advantaged some cities and meanwhile excluded some areas of declining cities from the development processes.

Compared with the past the geometry of economic development has become extremely variable, **there are new opportunities for cities that were traditionally marginal.** However, at the same time, the "global cities" (Sassen, 1991) have increased their centrality and marked the distance with other territorial systems**, for example with cultural and touristic functions**.

The new local strategies are oriented to physical regeneration of abandoned areas, others have the objective to diversify economy and production. For many cities, the identification of cultural and external image (before the economical one) has been very important to attract the financial capital. New infrastructures and transports, or areas for scientific and technological research can be considered localized competitive advantages about which the investors are interested in. **Urban policies use local marketing strategies in order to attract new functions and external investments** (Paddison, 1993).

Regarding the urban issue, another interesting element regards the trend of cooperation among European cities: in fact, many cities cooperate to gain organisational advantages and to orient the decisions of central government.

There are **some interesting features** regarding European urban programs (Vinci, 2002). The first one is the trend **to concentrate human and financial resources in a limited context**, such as a suburb in crisis. The second one is **the integrated approach**, the convergence of resources, political and sectorial skills, institutional, political and social actors towards the objective of urban regeneration. Moreover, the **physical renovation** (historical centre rehabilitation, regeneration of abandoned areas) is integrated with economic development policies and the struggle against unemployment and social marginalization. The territorial issue has become more complex compared with the past: on one side the **presence of several actors need coordination** between people who worked separately before, on the other side there are **new actors** who did not know the commitment in decisional processes.

The third aspect refers to **complex partnerships among public and private actors** and their organization. Therefore, urban policies are managed through partnerships that often have a **bottom-up approach in order to reach a more effective and wide involvement of local actors.**

This brief introduction about urban issue explains that **the analysis of policies in the cities has to take into account lots of political, economic and social variables, which act often in synergy and at different levels of government**

3.1.2 - THE CITIES AND THE CONCEPT OF COMPETITIVENESS

European policies take into consideration the **concept of competitiveness**, especially in the urban policy. However, **it is not easy to identify what make some cities** or an area more competitive and how the competitiveness can rise.

Storper (1995) describes the **competitiveness as the ability to attract and embed the enterprises** (that are in a good position in the market), and at the same time to maintain stable or improve the standards of living. The pursuit of competitiveness has also some **side effects**, the objective of economic growth can for example **increase social inequalities, pollution and traffic**. The pursuit of competitiveness has obviously **positive consequences** on citizens; in fact, some of crucial elements attracting **new investments** are transparency, quick decision-making process and infrastructures.

Consequently, since the 90's **the objective of competitiveness has been integrated with social cohesion, governance and sustainability** in order to balance the mentioned trade-off and the risks regarding the pursuit of competitiveness (Buck N. *et al.*, 2004).

Therefore, the descriptive conditions of competitiveness depend on a plurality of factors, such as the development model, local actors and their expectations, social and institutional structure. **Countries and territories follow different ways to be competitive** and there are different paths to reach conditions for competitiveness.

Another important issue is the difference between the competitiveness of a territory and the competition between territories. In fact, Ciampi (1996) claims that **competition between territories is not necessarily a zero-sum game**. If a territory strengthen this does not entail directly a loss for other territories, it could stimulate positive forces if the competitiveness improvement of a territory represent an opportunity for the progress of other contexts. Otherwise, it can stimulate negative forces for other territories if the competitiveness improvement attracts exaggerated resources and causes their unavailability for other contexts.

In conclusion, we can identify a list of useful aspects that, normally, are to be found in all the geographical areas and that influence the competitive capacity of a territory. **There are the tangible factors**: territorial morphology, infrastructures for economic and social activities, factors of productions, public institutions, bureaucracy, enterprises, financial system, knowledge centres, human capital, dimension and quality of the market, tangible factors of quality of life. **Regarding intangible factors, there are**: tacit knowledge, social capital, reputation, openness toward innovation, wealth and social cohesion as intangible factors of quality of life. **The competitive capacity depends on the development level of the mentioned tangible and intangible factors.**

The intangible factors are crucial for the competitiveness; they cannot easily reproduced in other contexts compared with the place where they were generate, because they are influenced by relationships between local actors in a context with specific institutional, organizational, economic and cultural features. These relational assets contribute to define the territorial competitive strategy and to reach a specific development model. **The competitive strategy is focused on the acquisition of useful resources to make the concerned territory the best place to start economic activities.** It is important to

underline that **the reputation of a territory plays a relevant role in the perception of its attractiveness by the potential investor**; the system of relationships between local actors often influences the attractiveness rate. In fact, when there is a new investment, the image of the concerned city improves, it becomes more dynamic and successful (Le Galès, 2006).

3.1.3 – THE EUROPEAN URBAN AGENDA

This paragraph has the aim to give a perspective and to be preparatory for the definition of a sustainable development urban model based on the directives, initiatives, principles and guidelines of the European Commission inscribed in the framework of the Europe Strategy 2020 and European Operational Program 2014-2020 combined with the national and local administrative level.

Recognising the important role of cities in the development's processes and their potential for a more resource efficient habitat, the European Commission, has initiate, based on the *Communication* of the 18 July 2014, and following the previous initiatives realized in the framework of the CITIES Forum, a debate on the development of an EU Urban Agenda.

In detail the *Communication* sets out that, although the initiatives and efforts of the EU policies, the Europe 2020 Strategy included, the highest rate of unemployment, the increase of the tertiary, (as a consequence of the economic crisis and the decrease of the manufacturing sector), linked to the de-skilling of the workforce, to an increase of low-skilled service sector jobs and working poor, is found in cities. Many cities face a significant increase in social exclusion, segregation and polarization.

As another weak feature, the resource efficiency gains made possible by compact urban settlements are being undermined by uncontrolled urban expansion that puts public services under pressure and reduces territorial cohesion. Furthermore, the big concentration of urban population and economic investments in risk areas increase the vulnerability of cities to natural and man-made disasters. There are also some important governance implications linked to the specific characteristics of European urban areas.

As reported in the *Communication* is also underlined that *"the emergence of polycentric (mega)-city-regions, which are webs of medium and small cities without a real functional and political base, is a growing phenomenon in Europe. The growing mismatch between administrative and urban structures reduces cohesion and impairs competitiveness due to inadequate governance and infrastructures"*

The urban policy instead to represent a domain with a strategic and political role and direction, is often the implicit result of laws urban planning and spatial urban planning and the combination of different sectorial policies. In the current process of policies' elaboration at national and European level, expertise available at city level is not really exploited and the significant role that the local authorities could play in achieving the objectives foreseen by other levels of governance levels is not recognized.

The EU cohesion policy, trough the URBAN Community Initiatives and the following integration of the sustainable urban plans in the context of the national and regional operational programmes, has fed the European intergovernmental cooperation with practical experiences. They represent what is defined as the "Urban Acquis".

European sustainable urban development model drawn upon the European legislative framework (based on the Treaty on the Functioning of the European Union, in the Charter of Fundamental Rights of the European Union, in the European Social Model, in the Leipzing Charter, in the Toledo Declaration and in the Territorial Agenda of the European Union 2020)- here below the main principles[6]:

- Places of advanced social progress;

- Platforms for democracy, cultural dialogue and diversity;

- Places of green, ecological or environmental regeneration;

- Places of attraction and engines of economic growth.

The European urban territorial development should:

- reflect a sustainable development of Europe based on balanced economic growth and balanced territorial organization with a polycentric urban structure;

- contain strong regional centers that provide good accessibility to services of general economic interest;

- be characterized by a compact settlement structure with limited urban sprawl;

- enjoy a high level of protection and quality of environment around cities.

Currently the EU Urban Policy, foreseen for the Operational Program period 2014-2020, an investment of at least 55% of the FEDER (European Regional Development Fund), while the creation of networking and exchanges among cities will be financed, as the previous Operational Program period, by the URBACT Program.[7] Furthermore a notable number of EU sectorial policies support explicitly the urban areas as the Energy policy, Information Society, Environment, Education and Culture, Smart Cities, European Innovation Partnership, Green Capital Award, Covenant of Mayors and Mayors Adapt..

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[6] "Cities of future" http://ec.europa.eu/regional_policy/archive/conferences/citiesoftomorrow/index_en.cfm.
[7] http://urbact.eu/.

However, in the *Communication* is also underlined as the Urban Agenda has to be coherent with the objectives and directives of the global EU Strategy- in detail with the Europe Strategy 2020- together with the national policy and urban agenda.

In addition, among the main reasons that founded the EU Urban Agenda, the *Communication* refers to the benefits that could be arisen in terms of:

- enhancement the quality, efficiency and effectiveness of policies, thanks to a better coordination of policies, actors and levels of governance and a better awareness of the urban development context in the conception and implementation of policies;

- more engagement and ownership of cities in the process of definition and realization of policies at national and European level;

- improvement of city's expertise on promoting transitions and structural changes with the aim to guarantee sustainable urban economies and a sustainable development of urban areas at territorial, social and environmental level.

- reduction of the distance between EU policymaking process and citizens, linked to the holistic approach of the local development objectives.

As mutually agreed, the Urban Agenda should respect the principle of subsidiarity and not be founded on new laws. Indeed, for the current program period 2014-2020, the European rules increase the governmental responsibility in the planning and implementation of the cohesion policy and, as consequence, this feature increase the role of the metropolitan cities as main policies actors. The potential in terms of economic and social innovation and experimentation attended by the metropolitan cities it has been extensively underused in the previous program period. In this perspective there is the necessity to go beyond a sectorial approach, focusing on the integration of levels of governance and different actors, in addition to a strong involvement of citizens in the framework of the processes of planning significantly place based. The Europe has the role to promote these processes and to support the innovation of the intervention's models.

3.1.4 – THE ROMANIAN URBAN POLICIES: FROM THE CURRENT TO THE FUTURE PROGRAMMING PERIOD

In the literature review about Romania there are some documents that concern urban policies, they provide an overview of different types of public interventions that can help Romanian cities become more competitive, and help the Romanian economy sustain long-term growth.

The framework depends on a country's existing level of urbanization and recommends the use of three major tools: spatially blind "institutions" to facilitate economic density; spatially connective infrastructure to reduce distance to economic density; and spatially targeted interventions to reduce social and economic divisions (World Bank, 2013).

Thus, for 2014-2020 Programming period, the World Bank (2013) suggests that the Ministry of Regional Development and Public Administration should focus on four primary issues: connective infrastructure for the country as a whole; good institutions for lagging areas; quality of life investments for leading areas; targeted measures for marginalized and minority groups.

However, in the KAI 1.1 some elements already allow the achievement of two of these primary issues. In fact, the operations about transports and urban infrastructures included in the Integrated Plans gave a contribution to strengthen the connective infrastructure for the country (first issue); while the marginalized (children, young people, and old people with disabilities) and minority groups (fourth issue) are involved in the actions about social infrastructures included in the Integrated Plans.

Moreover, in the evaluation process of the KAI 1.1, it seems important to consider also the recommendations of the World Bank (2013) from the Strategic Integrated Development Plans assessment. The first generation of growth poles IDPs become a first exercise in post-socialist Romania where planning is accompanied by funding and institutional design and results into implementation.[8] The role of central authorities will be essential also in the future period (World Bank, 2013). The IDPs review revealed that better integration of projects as well as territorial integration are two main areas of improvement for the next programming cycle and these can only be achieved via guidance, showcasing examples and best practices. Other measuresto be assumed by central authorities have a more strategic and medium to long term nature and refer to creating an enabling environment for the practice of integrated urban development. These include legislative and regulatory frameworks with respect to metropolitan governance structures or statistical infrastructure.

Complementary to these, actions that will help mainstream implementation are also necessary, such as: better correlation of funding instruments to help IDP implementation (eg. ROP vs SOP Environment, etc), improved tendering processes or designing instruments dealing with private tenure in urban regeneration initiatives. Finally, for the next planning cycle careful consideration must be given to future developments in terms of territorial administrative reforms and decentralization.

3.1.5 – THE CONTRIBUTION OF THE KAI 1.1 TO THE NATIONAL SUSTAINABLE DEVELOPMENT STRATEGY OF ROMANIA 2013-2020-2030

The National Strategy aims to connect Romania to a new philosophy of development by European Union and widely shared globally that of sustainable development.

The Strategy sets specific objectives for moving, within a reasonable and realistic timeframe, toward a new model of development that is capable of generating high value

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[8] About the recommendations of the World Bank see also the § 3.3

added, is motivated by interest in knowledge and innovation, and is aimed at continued improvement of the quality of life and human relationships in harmony with the natural environment. The document contains three types of strategic objectives for the short, medium and long run:

Horizon 2013: To incorporate the principles and practices of sustainable development in all the programs and public policies of Romania as an EU Member State.

Horizon 2020: To reach the current average level of the EU countries for the main indicators of sustainable development.

Horizon 2030: To get significantly close to the average performance of the EU Member States in that year in terms of sustainable development indicators.

In particular, the KAI 1.1 seems to give a contribution to some key challenges: sustainable transport; social inclusion, demography and migration. In fact, many projects concerns transports, urban and social infrastructures.

Regarding sustainable transports, it is important to mention the national objectives forecast for 2013 and 2020 because they are linked to the implementation of the KAI 1.1.

Horizon 2013. To promote in Romania a transport system that would facilitate the safe, fast and efficient movement of persons and goods nationally and internationally, in accordance with European Union standards.

Horizon 2020. To attain the current EU average level of economic, social and environmental efficiency of transport and to achieve substantial progress in the development of transport infrastructure.

Regarding social inclusion, demography and migration, the KAI 1.1 allowed the achievement of the overall EU SDS (sustainable development strategy) objective: To create a socially inclusive society by taking into account solidarity between and within generations and to secure and increase the quality of life of citizens as a precondition for lasting individual well-being.

However, the most important contribution of the KAI 1.1 to the national sustainable development strategy concerns one of the problems that Romania must be solved in parallel and simultaneously with the effort to achieve full conformity with the rules and standards of the European Union: to increase regional development and local actions. The existence of the elements on sustainable transport, social inclusion, economic development of the territory, balanced and sustainable at the level of the regions of Romania, are the connecting elements between KAI 1.1. and the above mentioned strategy. These elements show that in the planning process of KAI 1.1. was considered the National Strategy for Sustainable Development. In particular, the KAI 1.1 focuses on the specific objective Horizon 2013: To support sustainable and territorially balanced economic and social development of

the Romanian regions according to their specific needs and resources by concentrating on urban poles for growth; improving infrastructure and business environment so as to make Romanian regions, especially those lagging behind, more attractive places to live, visit, invest in and work.

3.2 COUNTERFACTUAL ANALYSIS AND DATA INTERPRETATION

3.2.1 A MODEL TO CALCULATE THE IMPACT: THE DIFFERENCE IN DIFFERENCE TECHNIQUE

The technique of counterfactual analysis "difference-in-difference" involves a comparison between two groups of elements: the treated one and the untreated one. In our case, the treated group is composed of urban centres (all 16 urban centres that fulfil conditions) that have benefited of at least two projects, in at least two areas of intervention. The two control samples were selected from the urban centres (111 urban centers) that did not benefit from any project. The difference in trends over time between the two groups is attributed to the effect of the treatment.

We have selected two control samples, using two different strategies. The first control sample was selected through a strategy of judgmental sampling of urban centres, i.e. selecting the urban centres most similar to the treated group, based on the profiles of the respective variables and on the basis of geographical criteria (the method is described in section 3.2.2). The second control group was selected on the basis of the smallest differences with the treated urban centres in respect of propensity scores calculated using a logistic regression model, according to the approach of statistical matching, using the selection criterion of the nearest neighbor.

Both control samples may be subjected, at different times, to difference-in-difference analysis, evaluating the estimated effect on the treated group compared to the first and second control sample.

To calculate the trend before treatment were used the data for the period 2007-2011 and to calculate the trend after treatment were used the data of 2013. Only the indicator "rate of unemployed individuals", for the period prior to treatment were used the data for the years 2010 and 2011, due to the unavailability of data from previous years

Methodological steps covered in order to implement the DID method are described in Annex no. 6. The results of the analysis are presented in the following table:

Table no. 2 – The results of the counterfactual analysis

Variable	Treated group (16 cities) Average trend	judgmental group (27 cities) Average trend	diff. With treated group	pscore group (34 cities) Average trend	diff. With treated group	Estimate of the relevance
Rate of deceased	2,10	2,25	-0,15	3,51	-1,41	**
Rate of newborn	-0,97	-7,26	6,28	-6,47	5,50	***
Rate of individuals in primary school	16,73	15,27	1,47	17,00	-0,27	*
Rate of individuals in gimnazium	-10,41	-6,99	-3,41	-7,71	-2,70	*
Rate of individuals in highschool	3,30	-0,55	3,84	-4,17	7,47	**
Average rate for individuals enrolled in schools	3,21	2,57	0,63	1,71	1,50	**
Rate of unemployed individuals (* only 2010 and 2011)	-13,03	-3,41	-9,61	-12,14	-0,89	***
Rate of average number of employed individuals	-1,58	-11,67	10,09	-9,89	8,31	****
Rate of Imigrants	242,25	34,21	208,04	121,53	120,72	****
Rate of Emigrants	87,21	73,27	13,94	81,18	6,03	****
Rate of road accidents	11,14	1,82	9,31	-5,74	16,88	****

In the first column we have the average trend between the two periods (2007/2011 – 2013) for the treated group: this is the basis for the comparison. In the second and in the fourth columns we have the average trends for the counterfactual judgmental group and

the counterfactual pscore group, respectively. In the third and in the fifth columns there are the differences between the trends, the net effect that should permit to evaluate the impact of the policies.

In the fifth column we report an estimate of the relevance of the difference between treated and untreated. It can help to interpret the indicator to which it refers. The value range is from 1 to 5: 1=low, 2=low/medium, 3=medium, 4=medium/high, 5=high. We suggest considering not significant the indicators with a value less than 3, that are "Average for individuals in school" and "Rate of deceased".

- Rate of Deceased (RD): the rate increased for all groups, but the increase is greater for both control groups (- 0,15 and – 1.41).

- Rate of Newborns (RN): the rate decreased for all groups, but while the decrease is almost null in the treated group, it's stronger for both control groups (+6,28 and +5,50).

- Average rate of individuals enrolled in schools (AIS): it's the average between the rate of individuals in primary schools, in gymnasiums and in high schools: this rate knows an increase in every group, but in a greater way with regard to the treated group (+0,63% and +1,50%)

- Rate of individuals enrolled in primary education – this rate has a high rowth in all the groups, with a very small difference between them

- Rate of individuals enrolled in gymnazium – unlike the previous variable, the rate of individuals enrolled in gymnasium drops in all the groups, and the effect of the treatment is negative, even if not considerable.

- Rate of individuals enrolled in high school – in this case the net effect of the treatment is positive and considerable. In fact, the effect is + 3,84% in comparison with the judgemental group and even stronger (+7,47%) in comparison with the pscore group

- Rate of Unemployed Individuals (* only 2010 and 2011 vs. 2013) (RUE): the treatment have supposedly had a very strong effect on unemployment for the treated group compared to the judgmental counterfactual one (as it decreased of 9,61% in the first more than in the second). Anyway, this effect disappear if we consider the pscore control group (-0,89%)

- Rate of average number of employed Individuals (RE): the rate of employment decrease in every group, but it decrease in a much more dramatic way in control groups, with differences of 10,09% and 8,31%.

- Rate of immigrants (RI): in this case, we undergo the very unbalanced frequencies that lead to very high percentage trends. The rate of immigrants increase very much in urban centres of the treated group in 2013, compared to 2007/2011: +242%. The immigration increased also in the two counterfactual groups, but to a very lesser extent: +34% for judgmental control group and +121,53% for pscore control group.

- Rate of emigrants (REM): Also in this case we have very strong differences in time, even if less than for RI. There is a greater difference in trends between the treated group and the judgmental group (+13,94%) than the pscore group (6,03%).

- Rate of road accidents (RA): The number of accidents relative to the size of population increases in a significant way for the treated group and for the judgmental control group, while it decreases (almost -6%) for the pscore control group.

Summarizing the results, we can observe that the pscore control group shows features more similar to the treated group than the judgmental one (except that for individuals in schools, rate of deceased and rate of accidents).

With seven of the eight variables selected for the estimation of the impact (the indicator "Rate of road accidents" was kept out of the calculation of the index,)[9] we built an index, which estimates synthetically the impact in one numerical value. The index has been built through a different contribution from the five indicators: the three socio-economic indicators (School enrolment, Unemployment rate and Employment rate) have a greater weight (0,22 each) because are more connected with the interventions; the four demographical indicators (newborns, deceased, immigrants and emigrants rates) have a lower weight (0,085 each) because their relation with the interventions is more indirect. To respect the sign of the effect, we change it for mortality, unemployment and for emigrants, for which a positive rate is not an indicator of development.

For both the groups the index is calculated as follow, considering for each variable the difference in trend vs. the treated group:

I = -0,085*RD + 0,085*RN + 0,22*AIS - 0,22*RUE + 0,22*RE + 0,085*RI - 0,085*REM

The indexes for the comparison with the judgmental counterfactual group (Ij) and for the pscore counterfactual group (Ip) are:

Ij = 21,5   Ip = 12,7

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[9] The interpretation of the indicator „rate of road accidents" can not be unique. Indeed, the rehabilitation and modernization of existing roads and construction of new roads tend to increase the traffic and then paradoxically the number of road accidents, without this necessarily have to be considered a negative effect in terms of impact of the measure. For this reason the indicator although he was included among the variables considered for the analysis was not included in the calculation of the index.

These estimates bring out the result that the treatment seems to have, in any case, a positive global effect on the considered variables. Moreover, they confirm the impression that the pscore group is more similar to the treated group than judgmental group: in fact, the effect is more evident for the second one.

However, it should be taken into account that there are two relevant factors that influence the counterfactual analysis, counseling to interpret the results of the analysis with some caution.

i) Time to allow that the effects manifest themselves

Time is obviously a major factor in the impact analysis, because the effects of a program can be estimated only after one or more years have elapsed since the conclusion of all projects funded by the program so as to have a reasonable period of time to allow the effects to manifest themselves. The difference-in-difference technique should be based on two time series: the first previous to the event and the second subsequent the event. In the case of KAI 1.1 projects were not completed sufficiently before to have a time series, thus the estimated impact occurs on a single year, which is too little to have a reliable estimate.

Besides, only a small part of the projects funded by the KAI 1.1 were completed at least from one year at the time of the analysis, mostly due to delays in launching the call for proposals, so the impact assessment can not cover the entire KAI 1.1, but only a part.

ii) KAI 1.1 is of the existing interventions affecting urban economics

In the evaluation of impact through counterfactual approach is important that the measure or the program to be evaluated is clearly defined in order to avoid the effects due to other intervention programs or that other measures of the same program superimpose to the effects due to the measure of interest, making difficult to read the results of the evaluation. In the case of KAI 1.1 it is relevant to consider that it is an additional measure in front of the policies promoted by ROP, namely that KAI 1.1 intervenes with measures of the same type of ROP as a whole, only from the different point of view of local development. So the policies promoted by KAI 1.1 are inherently crossed and cover subjects and territories that are also interested by other measures of the ROP. For this reason the counterfactual analysis of KAI 1.1 can only assure of the fact that the cities considered in the treated group have seen the implementation of projects financed by KAI 1.1 and that in the counterfactual group, on the contrary, there are no cities that have seen the implementation of projects financed by the KAI 1.1, but the analysis cannot contemplate the effects of other measures in other axis of the ROP.

It is important to consider that the proposed counterfactual model is also useful for future applications in assessment of urban development policies; for this reason, we

propose a list of indicators which can be used for improving a future evaluation of the impact, from the Eurostat and NIS indicators seen above. The evaluation team recommends to the client to engage in a partnership with NIS or with any other competent institution in order to start collecting information for the proposed indicators. A list of indicators for improving the impact evaluation of KAI 1.1 is proposed in Annex 8.

The following table summarized the results of the counterfactual techniques, namely the findings on the impact of KAI 1.1. in terms of quantitative analysis.

Variable	Description of the impact
Rate of deceased	The rate increased for all groups, but it increased to a lower extent for the treated group than for both control groups. Therefore, we can state that the effect of the treatment is positive (the rate registered an increase with a lower magnitude for the urban centers who had projects financed through KAI 1.1.) but it is not considerable.
Rate of newborns	The rate decreased for all groups, but while the decrease is almost null in the treated group, it's stronger for both control groups, and therefore we can state that the evolution of the treated group shows a considerable improvement in this field.
Average rate for individuals enrolled in schools	As far as this rate is concerned, the effect of the treatment is positive but very low. Therefore, there is no considerable difference between the treated group and the counterfactual groups regarding this aspect. This fact can be easily explained when analyzing the evolution of the phenomena used to construct this aggregate indicator.
Rate of individuals enrolled in primary education	This rate is increasing significantly for each group, with a very small difference between them, therefore we can not say that the evolution treated group showed a visible improvement in this area (compared to the two counterfactual groups).
Rate of individuals enrolled in gymnazium	Unlike the previous variable, the rate of individuals enrolled in gymnasium drops in all the groups, and the effect of the treatment is negative, even if not considerable. Therefore, we can not say that in this respect there is a considerable difference between the treated and counterfactual groups.
Rate of individuals enrolled in high school	Regarding this rate, it is highlighted the positive and visible aspect of the treatment. Therefore, we can say that there is a visible difference between the treated and counterfactual groups on this issue. Furthermore, it is important to note that while the phenomenon was an increasing trend in the treated group, it decreased in both counterfactual groups.
Rate of unemployed	The effect of the treatment is considerable when using the first

individuals	counterfactual group but it disappears when comparing with the second counterfactual group. Even though it might not be described as considerable overall (mostly due to the second comparison) the effect of the treatment is positive (the unemployment decreased more in the treated group than it decreased in both counterfactual groups).
Rate of the average number of employed individuals	The rate of the average number of employed individuals decreased in all three groups, but while the decrease was very close to zero in the treated group, it had a higher magnitude for both control groups. Therefore, we can state that the effect of the treatment is positive and it is considerable, when comparing the treated group with both control groups. Noteworthy is that in the treated group the participation of the inhabitants to the labor market remained almost constant while it decreased visibly in both counterfactual groups. Therefore we can state that the intervention supported through the KAI had an important impact in maintaining the participation to the labor market.
Rate of imigrants	The rate of immigrants increased very much in urban centres of the treated group. The immigration increased also in the two counterfactual groups, but to a lower extent. Therefore we can state that there is a considerable difference between the treated group and the counterfactual groups regarding this aspect. Therefore we can state that the impact of the KAI is a positive one.
Rate of emigrants	The rate of emigrants increased in all three groups. Important to observe is the fact that the increase is higher for the treated group than for both control groups. Therefore the effect might be interpreted as being negative and considerable (a considerably higher percentage of persons emigrate from the urban centers which have received support through KAI 1.1.). Nevertheless we need to mention the fact that the impact of the KAI might be interpreted in terms of increased mobility of the inhabitants. Therefore, we might state that the inhabitants from the treated group have a higher mobility which is a very important characteristics in the nowadays Europe where the mobility of the workforce is one of the most important coordinates.
Rate of road accidents	The rate of road ccidents registered a higher increase in the treated group than in the two control groups (in the pscore group it registered a drease of almost 6%). Therefore, in a first instance we might say that the effect is negative and considerable (a visibly higher percentage of road accidents are registered in the urban

centers which have received support through KAI 1.1.). Nevertheless, the interpretation of the indicator „rate of road accidents" can not be unique. Indeed, the rehabilitation and modernization of existing roads and construction of new roads tend to increase the traffic and then paradoxically the number of road accidents, without this necessarily have to be considered a negative effect in terms of impact of the measure.

Aggregate index	The usage of the aggregate index shows clear that the treatment had an overall positive and considerable effect on the variables used (the global development of the urban centers who have received support through KAI 1.1 is considerably higher). Moreover, the usage of this index confirms the fact that the pscore group is more similar to the treated group than the judgmental group. Therefore we can state that the effect has a higher visibility when the comparison is made with the judgmental group.

* Considerable – The term is used to describe a difference with a magnitude higher than 5%, between the treated group and the control groups.

3.3 COMPLEMENTARY METHODS FOR QUALITATIVE ANALYSIS OF RESULTS

Introduction

The main purpose of qualitative analysis is to identify and analyze the implementation of KAI 1.1 effects at the Growth Poles and Urban Development Poles' level.

The results of the qualitative analysis have taken into account several techniques, mainly the individual interviews and the case studies, but also benchmarking, focus group with the urban development poles, questionnaires, Delphi analysis, nominal groups, swot, pest, matrix, panel of experts and logic models. In addition, we will present the qualitative analysis considering its relevant link with the literature review (especially referring to the World Bank's reports) and some data about the implementation phase.

3.3.1 - THE CONTRIBUTION OF KAY 1.1 TO THE "COMPETITIVE CITIES" STRATEGY

The World Bank Report "*Competitive cities - reshaping the economic geography of Romania*" defines a possible strategy for urban development in Romania, from which it is possible to draw operational guidelines for the definition of the 2014-2020 interventions. In this section we use these strategic guidelines both to highlight the limits and the strengths of the experience implemented with KAI 1.1 and to provide useful suggestions for the next cycle of Structural Funds programming.

The strategy proposed by the Report develops from the three key concepts of *density, distance, division*. More precisely, as shown by the experience of more developed countries, growth is driven by a small number of urban areas with a high density of economic activity; the lagging regions of the country will benefit directly from the reduction of the distance from these metropolitan centers; the country as a whole, ultimately, benefits from the elimination of barriers surrounding countries, promoting in this way the circulation of goods and people.

Starting from these key concepts, after a detailed analysis of the urban and territorial context, are identified four priority areas of intervention for the Romanian cities:

1. build a solid connective structure either out of the country between the different cities;
2. build a network of institutions and infrastructure in the laggings areas of the country;
3. plan interventions directed to the integration of the most marginalized groups of the population;
4. invest in the quality of life in the most dynamic areas of the country.

This strategy did assign different tasks to different levels of government in the country: while interventions relating to point 1 are carried out at national and / or regional level urban policy is directly related to those connected to the other three mentioned aspects. Among these interventions, the priority areas for urban intervention are identified as follows:

1. promote the development of good institutions / infrastructure *in lagging areas*;
2. improve the connection of the city with its suburbs to expand their population size;
3. plan interventions directed at marginalized groups to encourage their participation in economic processes;

4. realize investments to improve the quality of life *in more developed areas*, to attract and retain additional population.

This strategy indicates a differentiation in the type of interventions that cities, according to their level of development, are required to plan and implement in order to encourage an integrated urban development of the country. Indeed the interventions on which *the most advanced cities* should focus their actions fall mainly in the fourth typology; lagging areas should focus their interventions in the first typology of actions. Finally the actions of typology 2 and 3 are not specific of any category of cities but depend on social / economic / infrastructural characters of the urban context.

Let's look now at the planning process and implementation of KAY 1.1., according to the Study elaborated by the World Bank "Competitive cities - Reshaping the Economic Geography of Romania" and the information contained in the database relating to the implementation of KAI 1.1. First, it distinguishes the territories in which the interventions will have to be programmed in three different sub-areas:

Growth Poles (GP) (7), represented by seven major urban centers (1 for each development region: Iasi, Constanta, Ploiesti, Craiova, Timisoara, Cluj-Napoca and Brasov) and their areas of influence;

Urban Development Poles (UDP) (13), representated by Arad, Baia Mare, Bacau, Braila, Galati, Deva, Oradea, Pitesti, Ramnicu-Valcea, Satu Mare, Sibiu, Suceava, Targu Mures;

Urban Centers (UC) (only 72 were supported), represented by cities / municipalities with over 10,000 inhabitants, other than growth poles and the poles of urban development.

This follows directly from national legislation which, with HG 998/2008 defines GP and UDP in order to designate the national growth poles which are accomplished with the investment priority of UE and national funding programs.

A maximum percentage of 50% of the financial allocation is provided to finance projects programmed by the seven GP; a maximum of percentage of 20% for the projects of UPD and the remaining 30% is devoted to the projects of UC.

In the strategic vision of KAY 1.1, cities must implement three different types of operations:

*   Rehabilitation of **urban infrastructure** and improvement of urban services, including urban transport;

*   Developing sustainable **business**;

*   Rehabilitation of **social infrastructure**, including social housing and improvement of social services.

The Documents that support implementation do not indicate which categories of interventions must be realized by the different types of cities; they indifferently indicate the same eligible operations for all the types of cities without indicating the priorities for each of them. This appears as a clear element of weakness of the strategy of KAI 1.1, since, as seen previously, urban development in Romania requires synergic but differentiated actions by the different types of cities.

However, the implementation framework emerged so far shows some significant elements of differentiation that indicate how cities have built their own operations, taking into account the specific context of intervention.

On the whole KAY 1.1 has funded the realization of 518 projects: the greater part has been implemented by UC (267, 51.5% of the total number of projects funded); 148 (28.6%) projects derives from GP; Finally, 103 (19.9%) projects are implemented by UPD.

For 493 of these projects *the type* of operations implemented was traced from the database: the summary picture is illustrated by the following table:

Table no. 3 – Types of operations and sub-domains

	Projects which improve urban infrastructure and urban services, including urban transport		*Projects that promote the sustainable development of business*		*Projects providing services that promote equality and inclusion in integrated plans*		*Tot.*	
	a.v.	*%*	*a.v.*	*%*	*a.v.*	*%*	*a.v.*	*%*
Urban Centers	195	74,7%	4	1,5%	62	23,8%	261	*52,9%*
Growth Poles	80	58,0%	16	11,6%	42	30,4%	138	*28,0%*
Urban Development Poles	79	83,7%	2	2,2%	13	14,1%	94	*19,1%*
Tot.	**355**	**71,7%**	**22**	**4,5%**	**117**	**23,8%**	**493**	***100,0***

The projects on urban infrastructure have been by far the most numerous, accounting for nearly three-quarters of the total funded projects; followed in terms of number by the projects that have dealt with the social infrastructure, 117 in whole amounting to slightly less than 24%. Finally, follow the projects on infrastructure for business, representing only 4.5% of the total projects funded.

It should be noted, however, that distinguishing for the various sub-areas, the picture shows some significant differences:

The **GP**s show the greatest differentiation in the typology of interventions: although the projects on urban infrastructure are by far the most numerous, almost a third of the funded operations is directed to **social infrastructure** and relatively numerous are also those directed to the **support of economic activities**;

The **UC**s acted primarily on **urban and social infrastructures**, leaving to a large part in the background direct interventions to **support business**;

The **UDP**s finally have strongly polarized its business by directing almost exclusively to the development of **urban infrastructure**, showing less interest in the development of **social infrastructure** and especially of **infrastructure for business**.

This framework can be further refined by the following table that indicates, in relation to the three types of cities, on what types of intervention focused projects funded[10]:

Table no. 4 – Subthemes of projects and subdomains

	UC	GP	UDP	Tot.	UC	GP	UDP
Urban streets and bridges	68	19	32	*119*	17,7%	11,6%	25,8%
Green areas	64	10	13	*87*	16,6%	6,1%	10,5%
Public transport	4	17	2	*23*	1,0%	10,4%	1,6%
Equipment for increasing security and preventing crimes (surveil	63	4	7	*74*	16,4%	2,4%	5,6%
Road passage, parking, facilities for cyclist	32	13	19	*64*	8,3%	7,9%	15,3%
Building Rehabilitazion	16	18	7	*41*	4,2%	11,0%	5,6%
Pedestrian zones, pavements, squares and passages	48	10	13	*71*	12,5%	6,1%	10,5%
Public lighting, utilities and forniture	58	12	9	*79*	15,1%	7,3%	7,3%
Social centers and centers	30	38	18	*86*	7,8%	23,2%	14,5%
Infrastructures for sustainable business environment	2	18	1	*21*	0,5%	11,0%	0,8%
Various	-	5	3	*8*	0,0%	3,0%	2,4%
Tot.	**385**	**164**	**124**	*673*	**100,0%**	**100,0%**	**100,0%**

The integrated interpretation of these two tables reveals some degree of coherence with the strategic framework discussed earlier.

The **GP**s, who represent the most dynamic areas of the country, are the ones who have invested more heavily on social infrastructure and on infrastructure designed to support urban

economic activities. With regard to urban infrastructure their intervention has affected mainly the roads, public transport, the recovery of the housing and crimes prevention, but left in the background the interventions that will improve the quality of life such as green areas, pedestrian zones, pavements, squares and passages, public lighting, utilities and forniture).

On this last type of interventions are directed projects on urban infrastructure made by **UC**s, which at the same time acted significantly also on mobility, favoring however the private transport to the detriment of the public one. Finally, the **UDP**s who have realized almost exclusively urban infrastructure, have significantly oriented their activity towards direct interventions to improve urban mobility.

The analysis conducted at the regional level shows how the various regions have put in place the implementation processes and designed choices partly diversified.

The following table shows for each region, the total number of funded projects and types of cities on which interventions were made.

Table no. 5 - Number of projects funded by region and subdomains

	UC		GP		UDP		Tot.	
	a.v.	%[*]	a.v.	%[*]	a.v.	%[*]	a.v.	%**
Bucarest-Ilfov	42	100,0%	-	-	-	-	42	8,1%
Centru	18	33,3%	25	46,3%	11	20,4%	54	10,4%
Nord-Est	50	64,1%	13	16,7%	15	19,2%	78	15,1%
Nord-Vest	31	43,7%	21	29,6%	19	26,8%	71	13,7%
Sud-est	35	39,3%	33	37,1%	21	23,6%	89	17,2%
Sud-Montenia	25	47,2%	16	30,2%	12	22,6%	53	10,2%
Sud-Vest Oltenia	44	62,0%	16	22,5%	11	15,5%	71	13,7%
Vest	22	36,7%	24	40,0%	14	23,3%	60	11,6%
Tot.	**267**	51,5%	**148**	28,6%	**103**	19,9%	***518***	100,0%

(*)Percentage of row

(**)Percentage of column

First it should be noted that in terms of number, projects are fairly evenly divided between the various regions. The Sud-Est region is the one with the highest number of projects funded; Bucharest-Ilfov region is instead the one with the lowest number.

With the exception of the region of Bucharest-Ilfov, whose projects have been carried exclusively by UC[11]s, in the remaining regions there is a heterogeneous mix in terms of the tipology of the subdomains of the cities, related to the types of cities involved by KAY 1.1. The Centru, Vest and the Sud-Est are the regions where interventions are driven mainly by GPs: in these regions is implemented half projectuality of GPs. The regions in which the Ucs lead the project activity are primarily the Nord-Est and Sud-Vest.

The analysis on the contents of the projects funded reveals a significant territorial differentiation. The following table shows for each region the typology of funded projects:

Table no. 6 - Number of projects financed by regions and types of operations

	Projects which improve urban infrastructure and urban services		Projects providing services that promote equality and inclusion		Projects that promote the sustainable development of business		Missing		Tot.
	a.v.	*%*	*a.v.*	*%*	*a.v.*	*%*	*a.v.*	*%*	*a.v.*
Bucharest-Ilfov	32	*76,2*	5	*11,9*	-	-	5	*11,9*	**42**
Centru	39	*72,2*	12	*22,2*	2	*3,7*	1	*1,9*	**54**
Nord-Est	56	*71,8*	19	*24,4*	3	*3,8*	-	-	**78**
Nord-Vest	44	*62,0*	18	*25,4*	6	*8,5*	3	*4,2*	**71**
Sud-est	49	*55,1*	30	*33,7*	1	*1,1*	9	*10,1*	**89**
Sud-Montenia	36	*67,9*	13	*24,5*	3	*5,7*	1	*1,9*	**53**
Sud-Vest Oltenia	54	*76,1*	10	*14,1*	3	*4,2*	4	*5,6*	**71**
Vest	44	*73,3*	10	*16,7*	4	*6,7*	2	*3,3*	**60**
Tot.	**354**	**68,3**	**117**	**22,6**	**22**	**4,2**	**25**	**4,8**	**518**

Although in all regions the largest share of projects has as its object the construction of urban infrastructure, a group of five regions (Centru, Nord-Est, Nord-Vest, Sud-Est, Sud-Montenia) has designed a significant share of interventions for the promotion of social infrastructure. On the

promotion of infrastructure for economic activities the planning of all regions, however, remains largely unsatisfactory: only the Nord-Vest and Vest have a significant share of this type of projects.

Table no. 7 - Number of projects financed by regions and types of operations

	BI	**C**	**NE**	**NV**	**SE**	**SM**	**SV**	**V**	*Tot*
Urban streets and bridges	13,7%	25,0%	3,3%	19,1%	5,9%	26,3%	29,7%	17,9%	*17,7%*
Green areas	31,4%	4,4%	13,0%	11,2%	16,8%	9,2%	11,0%	11,5%	*12,9%*
Public transport	0,0%	2,9%	4,3%	4,5%	2,0%	7,9%	0,8%	5,1%	*3,4%*
Equipment for increasing security and preventing crimes (surveil	21,6%	5,9%	13,0%	6,7%	11,9%	10,5%	7,6%	15,4%	*11,0%*
Road passage, parking, facilities for cyclist	5,9%	10,3%	14,1%	5,6%	8,9%	11,8%	9,3%	9,0%	*9,5%*
Building Rehabilitazion	0,0%	5,9%	9,8%	6,7%	10,9%	1,3%	5,9%	3,8%	*6,1%*
Pedestrian zones, pavements, squares and passages	5,9%	8,8%	15,2%	6,7%	13,9%	7,9%	12,7%	9,0%	*10,5%*
Public lighting, utilities and forniture	21,6%	13,2%	8,7%	9,0%	8,9%	9,2%	15,3%	11,5%	*11,7%*
Social centers and centers	0,0%	20,6%	15,2%	20,2%	17,8%	10,5%	5,1%	10,3%	*12,8%*
Infrastructures for sustainable business environment	0,0%	1,5%	1,1%	7,9%	1,0%	3,9%	2,5%	6,4%	*3,1%*
Various	0,0%	1,5%	2,2%	2,2%	2,0%	1,3%	0,0%	0,0%	*1,2%*
Tot	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	***100,0%***

The implementation framework outlined above thus allows the emergence of some territorial differences, which are largely consistent with the socio-economic scenario highlighted by the analysis of the context of the ROP and by our benchmarking analysis (Annex 13). In this, in particular, the Bucharest-Ilfov region is characterized by its advancement compared to other regions in the indicators of the Romanian qualification of human capital and of labor market. These indices denote

for the geographical area in question, the existence of a regional economic reality more dynamic, on which insisted a process of implementation careful to give the territory a qualified infrastructures endowment, so in a way that is consistent with the strategic framework outlined by the report "Competitive cities".

However, implementation is particularly lagging in equipping the territory with infrastructure to support economic activities, especially in those areas that, from the benchmarking analysis, appear as the most advanced, ie, besides the already mentioned area of Bucharest-Ilfov, also the region Vest which appears as the most advanced compared to the indices of economic innovation.

3.3.2. A WIDE FRAMEWORK OF THE KAI 1.1: THE EFFICIENCY OF THE MANAGEMENT AND IMPLEMENTATION PHASES

This paragraph presents the results of the KAI 1.1 but also the features and the main problems encountered in the management and implementation phases; the following observations can be related to the three sub-domains: growth poles, urban development poles and urban centres.

The KAI 1.1 can be presented as an **measure that complemented** other interventions implemented by the ROP and other funds, considering especially its contribution in improving basic urban infrastructures. In fact, the local authorities highlighted that the development of large-scale infrastructures projects would not have been achieved without this funding opportunity. The rehabilitation of the urban infrastructures is a responsibility of the local authorities; however it requires a large financial allocation, which would be very difficult to be ensured, in the same time span, only thanks to the local budget resources. Therefore, the KAI 1.1 is a relevant opportunity to support the problems related to basic infrastructures of the Romanian cities in order to increase, in accordance with the ROP, the preconditions of the economic role of the cities.

Considering the launched projects, the main effort of the KAI 1.1 focused on the urban infrastructures (68,3% of the total number of projects), secondarily to the social infrastructures (22,6% of the total number of projects), with less importance to the business infrastructures (4,2 % of the total number of projects). In particular, the projects concern urban streets and bridge (119), green areas (87), social centres and other centres (86) and equipment for increasing security and preventing crimes (74). Based on the number of cities involved in the three sub-domains, it is possible to notice as in the programming phase the growth poles, compared with the other sub-domains (urban development poles and urban centres), has invested in a more considerable way in social centre and other centres (38), infrastructures for sustainable business environment (18), building rehabilitation (18) and public transport (17).

Generally, the KAI 1.1 has given an important contribute in increasing the attractiveness of the cities involved and the quality of life of citizens, especially through the improvement of mobility, accessibility, public spaces, sense of public safety, social centre for children, young and elderly people. Certainly, the KAI 1.1 is an intervention that allowed the introduction and development in the Romanian context of the concept of urban regeneration. In fact, the urban regeneration refers to an integrated view of a changing urban areas (in city) that on the one hand

allows the resolving of the problems and, on the other hand, entails social, economic, physical and environmental improvements.

3.3.3. THE POLYCENTRIC APPROACH

Another crucial aspect of the KAI 1.1 deals with the **polycentric approach**. The KAI 1.1 has the aim to apply the polycentric approach in line with the objectives of the National Strategy for Development regional and National Strategic Framework and the Community Strategic Guidelines for the programming period 2007-2013.

According to the Community Strategic Guidelines 2007-2013 the polycentric approach is fulfilled through the development of the urban network including links between the economically strongest cities and other urban areas including small and medium-sized cities. The build in the KAI 1.1 of the three sub domains, the growth poles, the urban development poles and the urban centers, has allowed making operative the polycentric approach. The identification of the seven Romanian growth poles can be considered as a strategic choice; however the Community Strategic Guidelines 2007-2013 underlined also the importance of putting in place the networks that link the growth poles in both physical (infrastructure, information technologies, etc.) and human (actions to promote cooperation, etc.) terms. The introduction of the polycentric approach is important for the Romanian urban policies, in the next programming phase it will be necessary to strengthen this approach considering the socio-economic needs of several cities and diversifying the policy design based on the different roles of Romanian urban areas.

Although the implementation phase had some difficulties, as shown in the analysis of administrative data especially for the growth poles and secondarily for urban development poles and urban centers, regarding the finalized projects the expected objectives and indicators have been achieved.

Moreover, the KAI 1.1 has improved some specific skills of the public administrations, as the programming capacity at urban level, the writing and implementation of the projects, the managing of partnership between public actors. In particular, in some cases, the partnerships created in the KAI 1.1 and the introduction of the integrated approach have become relevant in originating local networks and a new debate about local strategies useful also for the implementation of other type of urban interventions and for the strategic planning.

In general, regarding the **problems encountered**, the qualitative analysis has highlighted especially the delays in the launch of the measure, in the contracting and implementation phases. Regarding the growth poles, the design of their governance and of their administrative arrangements have determined the delay related to the launch of the call.

In addition, the time span between the KAI's launch and the deadline for the submission of projects was judged too short (4 months) and it did not guarantee a good quality of the projects, considering that the beneficiaries were not previously informed on all the aspect required within the Guideline. Furthermore, the same poor quality of technical projects contributed to increase the delays because caused additional works and unexpected costs.

The opening and functioning of the help-desks, as mentioned also in the Guidelines (p. 2), and the training sessions have been important because they contributed: to inform the beneficiaries about the required documents, the new instructions or legislative changes; to increase the quality of projects and finally to reduce the problems for local authorities in submitting technical and economical documents. Therefore, on one hand, the training sessions should be support and

strengthen for the future; on the other hand, the functioning of the help desks has been crucial and it should be capitalized by all potential beneficiaries (cities), irrespective of sizes of cities.

Moreover, the time span between the submission and the launch of projects was often too long (until 2-3 years of duration), and the provisions were judged too strict because they did not allow changes in the IUDPs in order to make up for delays. The high number of appeals and the problems with the public procurement increased the risk to not launch the signed projects. In fact, based on the administrative data (Annex 16), in all the eight Romanian development regions, the greatest difficulty in implementation has been the procurement process, which, considering its long duration and the need to respect strict procedural elements, resulted in delays for the projects financed by KAI 1.1., plus technical problems specific to each project. At national level, almost 33% of the projects have encountered difficulties, of which over 24% due to public procurement.

Regarding the public procurement, it is important to highlight the full harmonization of the Romanian legislation (**Government Emergency Ordinance, GEO, no. 34/2006**) with the new EU directives of 2014, including also the **"Green Paper on the modernization of EU public procurement policy - Towards a more efficient European Procurement Market" (2011)**, in order to simplifying the national rules and procedures.

It is noteworthy to underline the fact the coordination and stimulation of financing from various public sources has not always well worked. According to the qualitative analysis the expected positive effect in terms of integration and coordination has not occurred. With regard to the connections with other financial public sources, this critical point is believed due to the difficult communication and collaboration with other MAs, and even the establishment of the Ministry of European Funds has not managed to solve the problem (*this solution came too late to be effective*). Moreover, frequent remarks single out the overlapping between projects financed by KAI 1.1 and SOP Environment: these overlapping usually result in delays.

As a matter of fact, all the previously listed critical points in implementation cause delays. Following the above mentioned problems in procurement procedures, many of the interviewed display concern over time-completion of the projects, sometimes stating that it will not be possible to complete a few of them until the end of 2015. Generally, the evaluation highlights the low degree of absorption of funds at the level of the KAI. Significantly, the qualitative analysis shows that especially in some growth poles it will be a high pressure on year 2015 and on public authorities, who have to spend in 2015 as previously spent in 3 years.

The Guidelines for the applicants may be crucial in order to reduce the mentioned delays, through the simplification of the procedures for contracting and implementation (for example, decreasing the number of documents to be submitted), and diminishing the risk of the discretional interpretation.

Finally, regarding the social infrastructures, some needs identified in the intervention areas had not received a relevant answer through the IUDP. In fact, there are some restrictions about social centers, the guidelines did not allow the creation of new social centers, but only the expansion and the modernization of them. In the areas where the social centers did not pre-exist the potential needs of social infrastructures can not be taken into consideration.

3.3.4 THE GROWTH POLES

Concerning the institutional framework, the KAI 1.1 presents some differences regarding the growth poles (GP). In fact, compared with the other sub domains (UDP and UC), the Integrated

Urban Development Plans of the GP have involved also the hinterland of the main city stimulating a direct radial effect of the finalized projects (the projects completed in the growth poles have direct effect consisting in improving the quality of life of citizens in the surrounding areas).

As regards the institutional framework, a significant, but also territorially differentiated role has been played by *Intercommunity Development Associations* (hereafter ADI). The evaluation shows a wide range of local trends: in Cluj-Napoca ADI does not operate at all, and its role has been replaced by the coordinator of GP; on the contrary, in Timişoara the ADI's role is evaluated as positive and functional with regard to comunication between local actors and stimulation/development of projects. According to Constanta's GP coordinator, local ADI has been able to play a significant role in promoting the above mentioned integrating character of the IUDP. As the *Strategic IDPs Assessment. Final Report* underlines, in this case ADI played a very specific role, becoming the applicant for the projects concerning investments targeted specifically for rural areas (for this reason Constanța is the only pole where investments have been made through ROP axes for every member of the metropolitan area).

It is important to underline that GP coordinators are supported and operate (with few exceptions) within the structures of RDA (Regional Development Agencies): this has usually led to a positive collaboration between GP coordinators and ADIs, both for the implementation and the monitoring of the IDPs.

More specifically, it is possible to analyse GP coordinator's role focusing on three distinct kind of activities:

a) *Cross-sectional activities*, i.e. providing technical assistance for IUDP strategy (promotion, monitoring, technical support for public authorities involved in the GP, intermediation between Managing Authority and Intermediate Bodies);

b) *Preparation for submission of the projects*, i.e. providing support in terms of analysis of the projects, technical assistance in selection, evaluation and contracting phase (the projects' conformity and eligibility); drafting the Report on the project analisys;

c) *Implementation phase*: i.e. assisting beneficiaries in all problems/requests arising along this phase.

If we take a closer look to the evaluation of the institutional framework, it is possible to assert that two features of the GP coordinator's role have been underlined as positive and effective. The first deals with its *integrating* function toward public and non-public actors, i.e. the orientation to connect the interests of the local stakeholders involved in the Growth Pole and to promote cooperation and coordination (sometimes not an easy task, given the high number of IUDP projects managed by several GPs; in the case of Brașov, projects were 132, of which 26 funded through Priority Axis 1 of ROP, KAI 1.1). The second feature deals with the *facilitating* function, put in place mainly towards public actors, i.e. the role of mediation ensured by GPs between central and local authorities involved in the development and implementation of the IUDP.

Some critical issues also appear. It is possibile to analyse these issues adopting the interpretative framework of *internal* and *external* factors, depending on the nature of the variables critically affecting the development of the GPs strategies.

The internal issues. The analysis displays an internal (organisational) critical point:

b) the negative effects of the frequent changes occurred in operational staff of the beneficiary (there are specific references to this issue as the problem of *fluctuations in staff*); this phenomenon often affects stability and continuity in the projects' management (this phenomenon appears as a

specific feature of the more general issue raised by the *Strategic IDPs Assessment. Final Report*, when it notices that some implementation units appear to be understaffed).

The external issues. As of the points out of the management's control, it is possible to highlight two other points:

a) the effects of economic crisis and the role of private actors: crisis has significantly affected the private entities' financial capacity, and in some circumstances this has determined difficulties in completing projects, especially when complex strategies are necessarily intertwined and depend on private investments; a negative impact on beneficiaries, particularly in terms of capacity to ensure the cofinancing of projects, has sometimes been registered (one interviewed underlines that contracting bank loans has at a given point become necessary, modifying the initial budget of the project)b) political factors and governance issues: this feature mainly deals with bottle-necks and difficulties in communication between public authorities. For example, the change of governance or the different political party affiliation can determine relevant changes in the priority and in the partnership of the projects. This evidence confirms the assertion expressed by the *Strategic IDPs Assessment. Final Report*, according to which there is a strong need to improve local authorities involvement especially in cases of partnership "among authorities of different sizes and political colors which reside under the same metropolitan area".

The integrated approach

The **integrated approach** is acknowledged as a key point, therefore deserving a particular attention. The integrating character of KAI is generally considered as a distinctive advantage in comparison with the effects generated by other programs. If well managed, as it is the case in some of the GP strategies analysed, this approach allows to combine internal consistency, at the beginning, with cumulative results - both in terms of the number of people benefiting from the measure and of policy domains covered -, at the end of the line. The integration approach has also been conceived as a tool to resort to different financial sources to reach the IDPs goals; in a few cases this has determined the involvement of other investment sources (i.e.: local and private).

As direct and indirect consequences of the integrated approach, we can show three main features:

a) *The importance of the partnerships*: stakeholders' participation in the drawing of the strategy has generally reduced difficulties along the implementation phase, providing a proper communication framework to develop the strategies: it is not by chance that the kind of relationship established between actors and partners appears as of the key points to evaluate each strategy;

b) *The institutional learning*: the IUDPs allow public authorities to increase administrative competences and managerial/project management skills of the human resources involved in the strategies, even in the smaller administrative territorial units;

c) *The development of new project ideas*: debates and discussions over planned projects have sometimes generated ideas for new projects and further, complementary, investments as for example in Brașov for the European Youth Olympic Festival in 2013 (creating the premises for organizing new national and international sports competitions).

According to the interviews and the case studies, the main advantages provided by KAI are:

a) the opportunity to plan and realise complex projects, especially in terms of the large financial allocation requested, which could not usually be ensured only from the local budget resources;

b) the reduction of risks linked to the cash flow management; only for one out of the total of 15 projects there has been the need to access bank loans (the bank lending being used sometimes as a supplementary tool to implement other projects);

c) the possibility to reduce time completion, in the cases in which projects would have been achieved even without the financial support of KAI; in these cases benefits would have probably been generated also using different planning strategies and tools, but in a much longer time span.

As regards the implementation phase, the identification of constructors with adequate financial capacity, labour force and equipment has not always been simple. In Brașov, the local GP has suffered the lack of cash flow of some companies responsible for the implementation of projects, and in the most serious of these cases this lack ended in insolvency/bankruptcy of the construction companies. Some interviewed also recall the lack of responsibility, stated in the contract, from designers, or the changing of the designer throughout the course of the implementation period. In these cases, the revision of the technical projects presented in the submission phase determines, as a consequence, delays in the implementation. Moreover, some Gps (Craiova, Iași, Ploiești) have mentioned the poor quality of the technical and economic documentation or lack of conformity between the technical projects drawn on paper and the real situation on the ground.

It has to be said that GPs, local and national actors have tried to face some of these critical points by arranging and finding specific pathways and solutions. The MA and CPC have organized regular meetings to discuss and find solutions to problems arising in the implementation phase. In particular, with regard to the overlapping of different projects and of financial sources, the most frequent attempt to cope with the critical issue has been the strengthening of communication processes and the coordination of calendars and tasks between the different actors involved in the strategy. Similarly, some of the governance problems due to different party affiliation have been managed by sharing responsibilities and duties about specific projects (as Iași case shows). When it comes to procurement and problems with planners and providers, according to the Craiova interviewed it has been possible to recover the time lost to conduct procurement thanks to the fact that in the Craiova GP constructors have properly fulfilled their obligations in the implementation phase; the monitoring process has also been recalled, by the same interviewed, as a tool to carefully and timely correct critical points emerging along the implementation phase.

It is also noteworthy to recall – as almost unanimously stated by the interviewed – the contribution to GPs strategies provided by participation and consultation processes which have taken place in each local GP's context. In some cases public opinion's view has been sampled through the use of questionnaires; only in a few cases the process has been put in place through the use of the local administrations websites. The involvement of local associations, NGOs, citizens and neighborhood advisory councils (like the case of Timișoara) has allowed to create and reinforce participatory processes, and also to foster a stronger commitment of the actors involved in the implementation phase. Particular attention has been dedicated to the public debates and consultations with relevant local economic actors, especially in GPs where specific actors are considered a key player within the framework of the local strategy. Moreover, the previous experiences, that involved partnerships, were crucial because contributed in developing the integrated projects and strategies (like, in Constanta, Local Agenda 21).

It is also necessary to briefly remember some points about the monitoring phase. Many GPs do not notice any kind of difficulty; others observe difficulties in gathering data, information and relevant studies related to projects and in particular to outcome indicators. With regard to Brașov GP, the interviewed observe that potential problems, dealing with the accurate correlation of data

between the feasibility study and the technical project, have sometimes arisen. Brașov GP also notices the lack of procedures for reporting to the Growth Pole Office by the institutions responsible for the direct supervision of project implementation. Craiova GP underlines the critical effects determined by the amendments to the Beneficiary Guide, claiming for a more stable framework throughout the process of evaluation and monitoring.

At the end of this section, it is important to remind that the effects of the projects at local level can be observed after a sufficient time span, and especially regarding the growth poles it is difficult to evaluate the effects because of the delay of the execution phase. In fact according the administrative data the percentage of finalized projects was 14,5 by August 2013.

3.3.5 – THE URBAN DEVELOPMENT POLES

The urban development poles involved in the KAI 1.1 are 13 and are represented by the following cities: Arad, Baia Mare, Bacau, Braila, Galati, Deva, Oradea, Pitesti, Ramnicu-Valcea, Satu Mare, Sibiu, Suceava, Targu Mures.

Regarding the launched projects planned in the urban development poles, we can notice that the most part of the projects, adressed to the urban infrastructures, represent 83,7% of all the launched projects in the urban development poles: in particular urban streets and bridges (32), road passage, parking, facilities for cyclist (19), social centres and other centres (18).

The interventions implemented through the KAI 1.1 have contributed to an indirect radial effect in the surronding areas of the main cities of urban development poles; both the urban infrastructure projects and social infrastructure projects have improved the accessibility, the mobility and the quality of life also in the smaller municipalities around the urban development poles. However, we can state that the radial effect can be considered indirect: the achievement of the Integrated urban development plans has not been supported by institutional and formal partnerships between the urban development poles and the local public authorities of the neighborhood areas.

Considering the effective use of the integrated approach, during the discussion undertake in the focus group, it has been judged weak from the territorial and sectorial point of view. Therefore, it should be taken into account the opportunity to strenghten the use of the integrated approach in accordance with the European Commission's documents.

Another interesting observation regards the impact of the KAI 1.1 in term of new jobs in the urban development poles. The social infrastructures have enteiled mainly new permanent jobs while the implementation phase of the basic urban infrastructures has involved mainly temporary jobs. The urban and social infrastructures have contributed to to the attractiveness of the socio-economic context for new investors, at the same time, for the future urban policies, it is important to take into consideration that in Romania the investors are primarily interested in low cost of labor force.

3.3.6 - THE URBAN CENTRES

The urban centres involved in the KAI 1.1 are 72 including the districts of Bucharest, the main interventions launched in the frame of the measure are related to the basic urban infrastructures. Based on the administrative data (in the Annex), and according the qualitative analysis, the 74,7% of the total projects concerns the urban infrastructures, the 23,5% of the

projects concerns the social infrastructures, while the 1,5% is related to the projects that promote the sustainable development of business. In particular, the launched projects include mainly urban streets and bridges (68), green areas (64) and the equipment for increasing security and preventing crimes (63). There are also several projects aimed to improve the urban public spaces, as in the case of public lighting, utilities, furniture (58) and pedestrian zones, pavements, squares and passages (48).

Regarding the relevance, the launched and finalized projects in the urban centres represent an urban intervention that allow to give an appropriate response to the communities' needs of the lagging areas, where the crisis has affected furthermore the economic activities and the employment rate. Therefore, in the hierarchy of the needs the basic requests have become very relevant, as the mobility, the accessibility, the public security and the social inclusion; while the urban dimension of sustainable business support was weak (as mentioned, the 1,5% of the projects in the urban centres concerns promote the sustainable development of business).

Regarding the identification of urban centres in the KAI 1.1, it is important to take into account two aspects. The first one regards the choice to include Bucharest, it was judged inadequate by some Regional Development Agencies because the problems of a metropolitan area can not be substantially solved with allocations too small. The second aspect is relating to the involvement of the cities/municipalities with over 10,000 inhabitants, other than Growth Poles and Urban Development Poles. Especially the local authorities with a relevant political will in using this opportunity have been included in the KAI 1.1. The group of urban centres presents an high level of heterogeneity, it should be useful to identify some accurate and strategic criteria in order to select the urban centres, including also indexes about the different socio economic context. A more accurate selection of the urban centres should consider the potential opportunity to consider cities and/or towns with less of 10,000 inhabitants.

4. CONCLUSIONS, RECOMMENDATIONS, LESSONS LEARNED AND ACTION PLAN

Conclusion n.1: Positive impact of KAI 1.1 on increasing quality of life and creating jobs (main evaluation question A)

The objective of KAI 1.1 was to increase quality of life and create jobs through urban infrastructure, improving urban services, including social services, and through developing business support structures and entrepreneurship. **The estimates conducted in the analysis indicate a better performance of beneficiaries** than non beneficiaries**. The net effect is positive for all the indicators used in the counterfactual analysis.** The index calculated to measure the impact of KAI 1.1 shows a **positive net effect on beneficiaries cities** (that is an assessment of the difference in results in comparison to non beneficiaries cities): +21,5 with comparison with the judgmental group; +12,7 with comparison with the pscore group.

This result was achieved mainly thanks to the realization of basic urban infrastructures and social infrastructures rather than developing business support structures and entrepreneurship, which has been implemented in a smaller proportion and therefore has had less impact compared to other actions within the intervention.

Recommendations

The conclusions expressed in § 3.2 about the interpretations of the counterfactual analysis results led to the recommendations to update the counterfactual model, in order to take into account the future time series of the indicators, because the sustainability of these results have to be further examined to see whether they are confirmed in the next years.

The availability of a reduced number of indicators has diminished the capability to assess the measure KAI 1.1. It is recommended for MA ROP to clarify right away from the start of a new program the objectives of the evaluation, in order to plan at an early stage which indicators and what data will be needed and take the necessary steps to ensure their presence.

Action plan

The MA should consider to define a set of evaluation indicators in an early phase of the new programming period, in particular when designing the new evaluation plan.

Counterfactual analysis is to be repeated in the next years in order to measure the evolution of the net impact of the policy.

Conclusion n.2: Positive impact of KAI 1.1 on the reduction of unemployment rate (main evaluation question A – additional evaluation question 5)

Other estimates conducted in the analysis allow showing **a better performance of beneficiaries** than non- beneficiaries **in terms of the rate of unemployed individuals** (-9,61 in comparison with the judgmental group; -0,89 comparison with the pscore group) and of t**he rate of**

average number of employed individuals (+10,09 in comparison with the judgmental group; and +8,31 comparison with the pscore group). This is not a result in absolute terms: the cities being beneficiaries shows a decrease in the rate of unemployed and employed, but non beneficiaries perform worse than beneficiaries reasons why the net effect is positive.

At the beginning of the financing period urban connectivity was one of the main gaps to create adequate pre-conditions for development and growth. In such a context, the implementation of the intervention has created new jobs mainly related to the realization of the urban infrastructures. In any case, it is to be more deeply evaluated the lasting and long term effect of the policy in terms of job creation.

Recommendations

The sustainability of these results have to be further examined in the future to understand if they will be confirmed in a longer term.

Action plan

It is recommended for the counterfactual analysis to be repeated in the next years in order to measure the evolution of the net impact of the policy, in particular in terms of job creation.

Conclusion n. 3: Positive impact of KAI 1.1 on the city attractiveness (main evaluation question A – additional evaluation question 5)

The estimates conducted in the analysis indicate a **better performance of beneficiaries** than non beneficiaries **in terms of attractiveness, measured by the rate of new born** (+6,28 in comparison with the judgmental group; +5,5 in comparison with the pscore group) and by **the immigration rate** (+208,04 in comparison with the judgmental group; +120,72 in comparison with the pscore group). Municipalities being beneficiaries attract immigrants more than non beneficiaries showing an improvement of their attractiveness compared to other set of municipalities not financed by KAI 1.1. The cities being beneficiaries show a lower decrease in the rate of new born than non beneficiaries resulting in a positive net effect. This can be explained also through the improvements generated by the KAI 1.1 in basic urban infrastructures, social infrastructures and substantially in quality of life of citizens, mobility, accessibility and sense of public safety.

Recommendations

It is recommended that the sustainability of these results to be reconsidered in the next period to see if they are confirmed in the coming years.

Action plan

Counterfactual analysis is to be repeated in the next years in order to measure the evolution of the net impact of the policy, in particular in terms of city attractiveness.

The evaluation team recommends repeating the counterfactual analysis in the following years to measure the impact of the policy developments in what concerns the attractiveness of cities.

Conclusion n.4: Positive impact of KAI 1.1 on human capital (main evaluation question A – additional evaluation question 5)

The quantitative analysis shows a light improvement in this field compared to the counterfactual group. **Beneficiaries perform better** than non beneficiaries in particular **in rate of inviduals enrolled in high school** (+3,48 in comparison with the judgmental group; +7,47 in comparison with the pscore group). It is noteworthy to underline that investments in connective infrastructures mobilize productivity of labour force and can lead, as a consequence, to a positive net effect on economic and social development.

Recommendations

The sustainability of these results have to be further examined in the future to see if there are confirmed in the next years.

In the future, MA ROP can enrich the evaluation through additional information, indicators and results coming from other DMI and other programme financing development of human capital (this can be done by relaunching the counterfactual analysis in the future). Indeed the results in the field of Human capital represent a sort of "side-effect".

Conclusion n. 5: Intervention characterized by an approach with "defensive" profile, by including in PIDU, predominantly infrastructure projects and the factors which have determined the impact of KAI 1.1 (main evaluation questions A and B)

The local strategies supported by the KAI 1.1 have been characterized by a predominance of a "defensive" intervention profile, that have led to an under-representation of the dimensions related to the support of economic activities and sustainable development. **This profile has mainly been characterised by investments in urban and social infrastructures able to produce effects directly noticeable in the citizens' life.** This kind of approach has been widespread, in order to give an answer to the urgent needs of the communities located in disadvantages urban areas, for which the situation was further exacerbated by the economic crisis, with relevant consequences on economic activities and employment.

The "defensive" approach was crucial because it allowed reducing the gap in terms of infrastructure equipment of cities in Romania, thus ensuring a closeness to the EU average considering the analyzed element. Strengthening basic infrastructure is a strategic step to substantiate future urban policies that should be especially focused on economic competitiveness (though bear in mind that infrastructure is one of the main determinants of foreign / local economic investments).

In the case of urban development poles and urban centers the "defensive" approach had a more pronounced character than the growth poles (In their case the projects distribution was more balanced - Table no. 3 in section 3.3.2, the approach thus having a more proactive character).

If we take into consideration the short-term effects, the most relevant impacts have been observed where the investments in urban and social infrastructures have been addressed to disadvantaged urban areas, in which basic infrastructure assumed a great importance, connected to accessibility and security.

Recommendations

In order to plan more effective policies MA ROP is recommended to take into account the socio-economic indicators for the classification of the eligible intervention's areas (sub-domains); in this way it will be possible to strengthen the relevance of investment's policies according to the territorial needs. The experience of other European countries with regard to zoning may represent an important example of the use of socio-economic indicators in order to identify some specific urban areas (*free urban areas, revitalized urban areas and sensitive urban areas*).

It is also recommended to give continuity to these interventions in the new programming period, considering the possibility to include urban areas excluded in the current structure of the KAI 1.1 (for example, evaluating the opportunity to revise the criterion that excludes the urban centers with less of 10.000 inhabitants)

Conclusion n.6: Impact of KAI 1.1 on administrative challenges for Romanian cities – positive contribution to the promotion of a polycentric approach (main evaluation question A e B – additional evaluation question 2, 4 and 7)

KAI 1.1 through its three sub domains (the growth poles, the urban development poles and the urban centers) has allowed to implement the polycentric approach, in line with the objectives of the National Strategy for Development and the Community Strategic Guidelines for the programming period 2007-2013. The involvement of the three sub-domains (growth poles, urban development poles and urban centers) has contributed to promote the national urban network, including links between the economically strongest cities (growth poles) and other urban area (urban development poles and urban centres). Polycentric approach covered the entire national territory thus supporting the sustainable development of all regions (spatial analysis p 293 - 295).

Recommendations

The polycentric approach should be strengthened through a strategic diversification of the urban interventions based on the different socio-economic needs of the cities. It would be useful to take into account the socio-economic indicators for the classification of the eligible intervention 's areas (sub-domains), in this way it will be possible to strengthen the level of relevance of investment's policies compared with the specificities of the territorial needs (paying attention also to the example of the other European states, mentioned at conclusion n.5).

It could be evaluated the adoption of a new metrics of development based on the idea of FUA (Functional Urban Areas), proposed in the EU Report "City of Tomorrow" http://ec.europa.eu/regional_policy/archive/conferences/citiesoftomorrow/index_en.cfm and Urban audit http://ec.europa.eu/regional_policy/archive/themes/urban/audit/index_ro.htm . A territorial analysis like this could be promoted in the future by the MA in partnership either with the on-going evaluator or with NIS. This "mapping effort at local" could be useful from one side to support the coordination of municipalities at policy level and to produce more information for the evaluation of the interventions.

Lesson learned

The introduction of the polycentric approach in the debate about the local development and urban policies is an innovative element compared with the past.

The involvement of several cities in the KAI 1.1 has entailed the improvement of skills in the local public administrations in programming capacity at urban level, the writing and implementation of the projects, the managing of partnership between public actors.

Conclusion n.7: Positive contribution to the launch and promotion of an integrated approach (additional evaluation questions 1, 2, 4, 6)

KAI 1.1 intended to respond to the needs of all Romanian cities, with a specific view to building a sustainable and competitive national urban system, but unique and internally differentiated. More precisely, by promoting appropriate infrastructure projects, it has intended to increase the economic and demographic density of the main urban centers and facilitate their connection with the smaller towns . At the same time, the integrated perspective of its action has been conceived to encourage the spread on the urban territories of minimum standards of services.

KAI 1.1 has represented also an important tool to display bottom-up integrated practices of planning, which has allowed to activate actors and endogenous investments around shared projects of requalification of the urban areas concerned; thanks to the realization of these projects, the basic condition for sustainable economic development of those areas have been laid. This realization has represented an important opportunity of growth for these territories, not only in terms of the increase of population's quality of life but also for its relevant effects on the capability of the socio-economic actors and local institutions.

The integrated and collaborative approach has been supported by participation and consultation processes involving citizens, associations of interests, NGOs, economic actors and universities. These processes can be considered two positive features in the implementation of the KAI 1.1., in particular in the Growth Poles, where in some cases residents' opinions have been sampled through questionnaires. Prior collaborations also represented a key aspect for the engagement of a large number of actors.

The integrated approach promoted by KAI 1.1, had a higher efficiency for growth poles than in the other two areas (more balanced distribution of the types of projects - Table no. 3 in section 3.3.2). In this respect it should be noted the growth poles coordinators' role and involvement of IDAs.

Recommendations

In the future policy design, MA could implement specific measures that facilitate territorial and sectorial integration, an aspect that can contribute to the development of the integrated approach; in this regard, it is also important to consider the opportunity in the new programming 2014-2020 to use some tools of territorial integrated programming, like the Integrated Territorial Investment (ITI) and the Community-Led Local Development (CLLD) [Articles 32-35 of the Common Provisions Regulation]. ITI can be a useful tool to support integrated actions in the urban areas, as it allows combining targets specific to different funds, taking into account also the possibility to combine funds of the Priority Axes and Operational Programmes financed by the ERDF and ESF. CLLD goal is to promote "bottom-up" local development strategies of stakeholder groups at local level. CLLD allows specific needs strengthening, networking and fostering local innovation in individual sectors of the city, allowing the exploitation of resources in the community.

In the future it will be appropriate to do separate calls for each type of city, delimiting in a differentiated manner the scope of the intervention of each of them and their relative purpose. Even resource allocation should be revised in this same perspective: only a minimum amount of resources should be attributed directly to the city and territories (on the basis of requirements needed to ensure minimum services); on the amount remaining, the cities compete with each other, presenting projects constructed in relation to the specific area of action.

It is also recommended that in the next phase, local authorities consider strengthening the administrative capacity of local human resources in the planning and management of local development strategies. Recommended is also the increasing role of coordinators growth poles at regional level. Also in this respect, the involvement of ADI (the model promoted in the growth poles) and in the urban centers and the urban development poles can contribute to the efficiency of the program.

Action plan

The MA should consider the implementation of the recommendation in an early phase of the new programming period, in particular when designing the new evaluation plan in order to anticipate the main risks and difficulties in evaluating the new urban policy and interventions in the future.

Conclusion n.8: The accesibility of the measure has allowed beneficiaries to plan and realise highly complex projects, especially in the domain of urban infrastructures (main evaluation question B – additional evaluation question 3 and 8)

As a basic assumption, it is necessary to recall that given the current implementation status of the projects, it is still too early to assess and comprehend the extended impact of KAI 1.1. According to data regarding the implementation status until August 2014, only 37% of projects (192 out of 518) have been completed both technically and financially. At the same time, the reach of the measure has allowed beneficiaries to plan and realise highly complex projects, especially in the domain of urban infrastructures. The qualitative analysis shows that the measure is additional

compared with the other interventions: many of these projects could have not been achieved without the large extent of financial sources made available by Kai 1.1. Moreover, even when the projects would have been financed using other financial sources (i.e. local budgets), Kai 1.1 has made possible the reduction of the time span necessary to complete projects and plans.

Moreover, the integrated interpretation of monitoring data and the qualitative analysis has highlighted how specific difficulties and bottlenecks have in some cases led to significant delays in the levels of progress of the measure and, in other affected the quality of the results. These problems were observed in particular in correspondence of the following stages: the delayed launch of the measure; the length of time elapsed between submitting and contracting phases. In the starting phase the greatest difficulty has been the public procurement process. Other problems that have led to delay in the implementation of interventions derive from their overlapping with other projects under implementation, particularly with those financed under SOP Environment.

KAI 1.1 founded the integrated approach and has provided substantial economic resources to improve the urban environment in Romania. Moreover, KAI 1.1 introduced a new approach to urban policies. These economic resources and the new approach have not been projected into national policies for urban areas; this is a reason for that KAI 1.1 can be considered to be a fundamental step. KAI 1.1 should be interpreted as essential in setting the basis for sustainable development in urban localities in Romania. Infrastructure (infrastructure development was the main concern of KAI 1.1) is one of the most important determinants of economic investments (such infrastructure should be seen as a promoter of economic value added).

Recommendations

To support a process of organizational learning for the adoption of solutions that promote the modernization, simplification and efficiency of public procurement procedures, we propose to consider the opportunity of exploiting the potential of planning and cooperation in transnational EU platforms or networks for the exchange and comparison of experiences promoted by various European regions on this issue.

Due to the peculiar type of interventions promoted by the measure, it could be seized the opportunity to support eco-innovation, environmental protection, promotion of the efficient use of resources, sustainable mobility by leveraging actions targeted capacity building and transfer of best practices of green public procurement (GPP).

In order to avoid the overlapping between projects promoted in different actions or programs and to assure the finalization of the preparatory projects before the other types of projects, it is suggested to apply a time schedule approach which can enable an integrated approach, in order to plan the launch of calls and to implement the interventions.

Correlating the launching calls for projects at government level, and implementing interventions can provide the possibility of integrated interventions at the community level that take into account the needs of beneficiaries. Implementation of this correlation can be done by Ministry of European Funds.

Lesson learned

Public procurement procedures must be optimized in order to streamline the implementation of projects carried out under public policies similar to KAI 1.1.

Conclusion n.9: The experience of this evaluation shows the difficulty and the limits of applying counterfactual techniques in particular due to: availability of the information and period of time (Additional evaluation question 9)

Time factor - because the effects of the intervention can be estimated only after one or more years after the completion of all projects funded intervention to exist a reasonable period of time to generate outcomes. DID method is based on two time series: the first is earlier intervention, while the second is after the intervention. If KAI 1.1. projects were completed before long enough to have some time, so the estimated impact occurs on one year. In addition, only a small part of KAI 1.1-funded projects have been completed at least one year before the time of analysis, mainly due to delays in launching the call for proposals, so that the impact evaluation does not cover the entire KAI 1.1, but only a part. The second factor hindering the use of counterfactual approach is information availability on the urban policy interventions as a whole. In the impact evaluation using counterfactuals is important that the intervention or program to be evaluated, to have a clear demarcation in relation to other interventions or programs to avoid the effects on other programs, or other actions of the same program, to overlap the effects of the analyzed intervention. In the case of KAI 1.1 it is relevant to consider that this is an additional measure to the policies pursued in the ROP, KAI 1.1 that interferes with the action of the same type as those included in the ROP, as a whole, but from a point of view different local development. Thus, areas and territories promoted under KAI 1.1 are inherently addressing topics of interest applied to other measures of ROP.

Recommendations

We recommend to create a partnership between MDRAP and other public institutions to provide statistical data in order to collect additional indicators which are currently not collected at city / municipality level, but which are necessary from the evaluation team point of view in order to determine the net impact of KAI 1.1. At this regards, NIS and on-going evaluators could play an important role in data collection also through ad hoc surveys if necessary. A list if indicators for improving the impact evaluation of KAI 1.1 is proposed in Annex 8.

Action plan

The MA should consider the implementation of the recommendation in an early phase of the new programming period, in particular when designing the new evaluation plan in order to anticipate the main risks and difficulties in evaluating the new urban policy and interventions in the future.

Conclusion n.10: The urban policies launched through the KAI 1.1 have been an important experiment and have given good results (Additional evaluation question 10)

In the next programming period it will be crucial, in order to qualify further the strategic contribution, to focus the attention on the strengthening of the following aspects:

- **The integrated approach**; the urban plans should not include a simple juxtaposition of projects. In order to avoid this risk, it will be necessary to promote a shared local development strategy among the stakeholders, considering a shared definition of the intervention's needs. Moreover, it will be important to improve the economic dimension of IDPU, as was the case in the GP, where the ratio of infrastructure, social and economic projects was more balanced compared to the situation at the UDP and UC.
- **The polycentric approach**, diversifying the design of policies based on the socio-economic need of different urban areas and designing different roles for the several types of cities.
- The link with the **sustainable development**, assigning a strong priority to the projects that promote energy efficiency, sustainable public transports etc

Recomendation

It is recommended to analyse the opportunity of including, in terms of strategic planning, the dimension of environmental protection and energy efficiency in the future urban development policies..

EVALUATIVE QUESTIONS	CONCLUSIONS
A) What is the net effect of the funds intervention and what are the factors that caused this effect?	Nr. 1, 2, 3, 4, 6
B) What type of intervention gives results, for whom and in what circumstances	Nr. 5, 6, 8
1. Which needs does the KAI respond to? Which is the role of the KAI 1.1 in the socio-economic development policy context of Romania? (A e B)	Nr. 7
2. How does the KAI 1.1 contribute to POR? (A e B)	Nr. 6, 7
3. Which are the main features of the logical chain of values of KAI 1.1 implementation? (B)	Nr. 8
4. Is there a potential added value in respect to other interventions? (A)	Nr. 6, 7
5. To what extent can be observed quantitative changes due to the KAI 1.1 effectiveness? (A)	Nr. 2, 3, 4,
6. What mechanisms have determined the impact? The intervention logic functioned as expected? (B)	Nr. 7, 8
7. Are the observed changes unequal at territorial / sector level (at least as evidence of a qualitative analysis)? (A)	Nr. 6
8. Are there any evidences (at least qualitative) regarding the long run effects? (A)	Nr. 8

9. Are there any recommendations for future evaluations coming from the performed analysis? (B)	Nr. 9
10. Are there any recommendations for future urban development policy coming form the performed analysis? (B)	Nr. 10