

## 2 Appraisal of the socio-economic sector analysis and the relevance of the strategy to the needs identified

### 2.1 Socio-economic analysis

#### 2.1.1 Analysis

The analysis of the current situation of the ROP consists of two sub-chapters. The first one contains a (I) "Comparative analysis and disparities between regions", while in the second one the (II) "Regions' socio-economic characteristics and the disparities within the regions" are explained.

#### **I. Comparative analysis consists**

The comparative analysis consists of a comprehensive analysis of the socio-economic situation in Romania as a whole and in particular in its 8 regions. A number of relevant issues - which mainly relate to the policy areas that are covered by the programme - are analysed and presented. These concern the following socio-economic issues:

The **Regions' economic performance and growth potentials**, which presents information on GDP/capita, unemployment rates, the FDI per capita, SMEs per 1000 inhabitants and the rural population. These economical data present a global picture of the economic performance of the regions concerned in relation to the Romanian averages. Regions most lagging behind are characterised by a low GDP and FDI per capita, a low representation of SMEs and high rates of rural population. These concern mainly the three most eastern located regions (N-E, S-E, and S). The S-W, W, N-W and Central regions are performing better, while the capital region (Bucharest-Ilfov) - although confronted with particular urban problems - performs the best.

The discrepancies with regard to *entrepreneurial development* have been grown during the last years between the regions and also compared with the EU average of SMEs per 1000 inhabitants. Taking into account the magnitude structures of enterprises on regional level one concludes that this remained relatively unchanged with a high representation of the micro-enterprises (over 85%). One of the reasons for this development is the bad endowment of the regions with business related infrastructure which strongly determines the business environment in the regions as well as their attractiveness for new initiatives and foreign investments. Together with lack of other important elements of the business environment, as for instance access to financing, communication technologies and business support infrastructure, this restricts the economic performance of most of the Romanian regions.

With the sub-paragraph **Population and employment** analyses are presented of the elements that determine the availability of human potentials at the regional labour markets. These analyses concern the demographic development (population, the migration, the labour force and the unemployment). As is the case in most of the EU Member States, also the population of Romania is in an ageing process. Besides, among others because of mass emigration (about 2 million people) to other countries, its population has been declining. The latter had especially been the case in the poorer

regions as for instance the North-East Region. But also interregional migration from - especially young people - from rural areas to Bucharest and cities in West and Central regions takes place, but also - because of the worsening of the socio-economic situation there - from urban to rural areas. These developments as well as the economic restructuring process contributed in the last decade to a strong decrease in the activity rates in all Romanian regions. The unemployment rates are - also as a consequence to above mentioned development - relatively low. Nevertheless these rates are the highest in the eastern regions.

The sub-paragraph on **Transport infrastructure** presents quite elaborated analyses of the accessibility of the Romanian regions and enters in some more detail for the road infrastructure, air infrastructure and water transport, including ports. Lack of investments in transport infrastructure is more and more perceived as an important barrier for the development of Romanians' economy. One fears that the lack of modernisation of the main transport corridors will prevent Romania to lose the benefits from its geographical location. These difficulties of access in the regions, counties and the (inter)national transport infrastructure represents one of the main causes of the inter-regional and intraregional development disparities. This concerns road as well as other forms of infrastructure. Inadequate transport network hinders the development of small and medium sized towns as well of communes and villages. The highest level of modernised public roads can be found in Bucharest-Ilfov and South-West regions, while the South-East region shows the lowest value.

Romania has a quite large network of airports (17), four of them from international interest. For a number of others international destinations will increase as well. Also in this case the lack of endowment with modern facilities could prevent better utilisation of the regional airports for several economic oriented purposes (i.e. tourism). Better utilisation of the available waterways - especially the Danube River - could serve as a real opportunity for the regions that are located near to them. The harbours in these rivers, however, should also be urgently modernised. Besides, Romania consists also of navigable waterways of local interest, including natural lakes, storage lakes and internal rivers.

The paragraph on **Infrastructure for health care, social and public safety services** has been well elaborated. It describes a rather complicated system of health care in Romania, which comprises health care units for various categories of government levels, diseases and facilities for treatment (indoor as well as outdoor). These concerns in total of 425 public and private hospitals with almost 143,000 beds, which is about 6% above the EU average. This over-dimension of beds is among other the results of a dysfunction of the link between primary and secondary health care. Most buildings need urgent rehabilitations and the available medical equipments are old, physically outrun and technically outdated. All this have negative consequences for the present quality of the Romanian health care system. Because of this situation also the emergency system is overcharged with growing response times (even worse in rural areas).

For other emergency interventions (fire brigade and civil protection units) the increase of the response times is a clear indication of lack of capacities, equipment and materials as well as for improvement of the management systems. This paragraph contains also analyses of the social service infrastructure, which concerns among others social canteens, home care services, infrastructure for disabled people, child care institutions, and residential care for elderly people and community nurses.

The paragraph on **education** starts to describe some developments which are remarkable for the educational sector in Romania. In the first place the fall in the birth rate and in school attendance causes a significant decrease of pupils until 1999, especially in the lower graduation levels. From 1999 the number of pupils seemed to increase again. Although they are less significant, of course also in this sector regional differences in developments do exist. As educational infrastructure can be seen as an important factor to contribute to proper learning conditions, a special sub-paragraph has been devoted to this subject. Therefore an elaborated analysis has been made of the quality of the education infrastructure for all regions. Especially in the rural areas the number of schools is very high but of very low quality. Also basic endowments for the development of a learning system based also on IT are very low. A government strategy regarding the informatics and the computer assisted education has been launched (IES).

In the analysis also information is delivered on the 'educational campuses' and 'continuous professional education' (long-life-learning). The former is among others a consequence of the extension of the compulsory education from 8 to 10 years and the fact that educational activities can be provided for a larger area. Especially areas in decline and in rural areas access to the school system are very problematic, also due to the long distances to the nearest schools and the lack of transport. The relative low participation rate in Romania to continuous education is a consequence of the costs for education and the insufficient offer of training facilities for adult education. So, transport costs and the availability of accommodations prevent sufficient access to these forms of professional training.

The analysis of the **tourist sector** can be characterised as rather comprehensive. It starts with the conclusion that the Romanian tourist offer did not "improve in time, losing competitiveness in relation to the new market demands and similar products on the international level". The consequence of this is a rather modest role of tourism to the national economy (2.19% in 2003). In the tourist Development Strategy in Romanian from 2006 as most important aspects for future tourist development are among others mentioned:

- Development of ethnic tourism
- Increase in demand for new destinations
- More orientation on active and travel oriented elderly people
- Increasing interest of natural environments.

Taking into account the average tourism competitiveness compared with surrounding countries, Romania score quite low. On the other side Romania scores quite well regarding competitive prices, better preserved environment, international openness and social services related to tourism. As Romanian engines for tourism are mentioned agro tourism, mountain- and spa-tourism, events and tour tourism. Although with differences between regions – linked to historical conditions and transport infrastructures – Romanian regions have an important potential from the natural, cultural and historical points of view.

Nevertheless in the last decade some bottle-necks / stagnations revealed with respect to the quality of tourism infrastructure and the accommodation capacities. Besides, because most tourism accommodation structures are obsolete and are not competitive, the external demand for Romanian tourism was decreasing. This is not so balanced among the regions. Promising developments are expected with regard to the Black Sea, the Danube Delta as well as the Carpathian and sub-Carpathian mountain areas.

The analysis on **urban development** is quite elaborated and touches on a great number of issues related to problems in urban areas which are confronted with heavy economic and social decline. The total urban population in Romania accounted for 55% of the total population with the lowest figures in South and North-East regions (41, 4 & 43, 6% respectively). The total urban network comprises 312 towns, of which 25 cities above 100.000 inhabitants. There are 81 cities with population between 20.000 and 100,000 inhabitant, while 206 of the cities comprises populations of less than 20.000 inhabitants. The regions Centre and South know the highest concentration of towns and cities, while – apart from Bucharest – the most important urban centres are relatively equal divided among all regions. Main problems in the Romanian urban network are the following:

- Severe industrial restructuring in small and medium sized towns;
- Urban – rural migration flows exceeded those of rural-urban flows;
- Few economic links between urban centres and surrounding areas;
- Employment and unemployment rates shows unfavourable figures;
- Quality of life effected by poor infrastructure and urban services (differences in data between several categories of cities);;
- Because of heavily reductions in public investments infrastructure endowment obsolete;
- The diminishing number of public transport means with reduced links between central and residential areas;’
- Great differences between neighbourhoods within the bigger cities with negative effects concerning level of education, employment, deteriorated housing and criminality and big problems of social exclusion and youth unemployment.

The analysis is completed with a basic summary of the regional **environmental protection**, which contains information on waste management, sawdust problems in the mountain areas as a consequence of the wood processing industry and derelict industrial sites (brown fields) on which mining, industrial and military activities were performed. Because the environmental situation differs strongly among regions, for this analysis no integrated analysis has been made. Nevertheless as the key environmental problems are mentioned:

- Insufficient capacity for waste water treatment in the existing treatment plants;
- Constant air pollution especially in bigger cities and around industrial centres;
- The great number of ex-industrial sites without any de-pollution, cleaning methodology or strategies for future new destinations.

## **II. The regions’ socio-economic characteristics and the disparities within the regions**

For all 8 regions the socio-economic characteristics have been described as well as the disparities within these regions. Annex 2 of the ROP comprises tables with relevant indicators which explain the development levels of these regions, while in annex 3 SWOT analyses of all regions are contained. The main described characteristics are:

- 1) Demographic characteristics
- 2) Employment and migration
- 3) Regional economy
- 4) Infrastructure (transport, environment & social)
- 5) Areas in difficulty
- 6) Development potentials.

The analyses of the regions' socio-economic characteristics were executed by the Regional Development Agencies of the regions concerned.

- 1) Information on **demographic characteristics** containing:
  - Surface and population
  - Administrative organisation (counties)
  - Regional characteristics (rural or urban)
  - Urban networks
  - Landscape characteristics
- 2) On **employment and migration** characteristics generally the following issues are analysed:
  - Rates of employment
  - Sector division of the employment
  - Reasons for sometimes massive migration (in and out site the country)
  - Unemployment rates
- 3) For most regions their **Regional economy** is extensively described comprising information on:
  - Intra regional differences in growth potentials (rural versus urban areas)
  - Economic structure, its composition and changes in it through for instance industrial decline
  - SME developments, including share micro-enterprises
  - Economic restructuring processes and their negative impact on employment
  - But also situations of economic recovery
  - Availability of supporting infrastructure for business development. With other words issues related to business environment.
- 4) Also the contribution from the regions on their **infrastructure** is quite extensively, especially on transport, public utilities, environment, education, health and social services. This information concerns among others:
  - Connections with European road and rail networks;
  - Intra regional road network and its quality;
  - Where relevant information on (inland) ports and the quality of their constructions and equipment;
  - Water supply, sewerage and thermal energy networks;
  - Main causes of environmental problems and water and waste management issues;
  - Number of educational units (to educational level) and qualities of educational provisions;
  - Also on health units information on availability and the quality of the technical endowments;
  - Idem for social services;
  - Only Bucharest-Ilfov presented also an analysis of the urban related infrastructure, including public transport and solid waste management.

- 5) All development regions – except Bucharest-Ilfov - indicated their **areas in difficulty**. Although some regions were more specific than others, the following issues were generally taken into account:
- Rather peripheral located areas as for instance near borders strongly characterised by the rural location;
  - Areas characterised by heavy decline in industrial or mining activities (diminishing economic roles)
  - Small and medium sized towns with mono-oriented industries and labour forces;
  - Areas sensitive to glides, erosion and floods and pollution;
  - Urban centres with lack of basic infrastructure;
  - City-harbours along Danube that are loosing function through obsolete facilities.
- 6) All development regions presented ideas concerning their **development potential**. All – of course – based on the geographical context in which they have to operate. Issues mentioned were among others:
- For all of them *tourism* seems to be one of the main sources for development;
  - Logistic is for instanced mentioned by regions located nearly to the external borders;
  - A better use of the available natural resources like oil, gas, wood processing, etc;
  - The available Research & Development institutes in the regions can contribute to the regional development. Especially as they cooperate more strongly with business, incl. SMEs and educational institutes;
  - Making better use of agglomeration effects from big cities (development of a metropolitan area for Bucharest).

### 2.1.2 Assessment of socio-economic analyses

For the assessment of the socio-economic situation the following questions should be answered:

- Do the analyses deliver a real picture of the situation in the sectors and regions concerned?
- Could other available and quantified data be used for the analyses?
- Were sufficient measurable *base-line indicators* used for these analyses?

While answering these questions we have of course to take the present stage of regional programming into account as well as the fact that this is the first time that an operational programme for regional development in Romania is drafted. Other factors that should play a role in this assessment are:

- The structures of the operational programmes are based on guidelines that were – according to the information from the MA ROP – be given on centrally level by the MA CSF;
- Earlier comments from the European Commission concerning the extent of the analytical parts of the ROP. Earlier versions of this analysis were much more comprehensive.

Generally one can state that the picture of the current situation as presented in the ROP is complete enough to justify the activities as they are proposed in the strategy. This concerns the analysis of the regional differences within Romania itself as well as the intra-regional analyses made for all 8 development regions. During the evaluation process discussions between the evaluator and the MA ROP on the desirable extent of regional analyses took place. The latter represents the opinion that the more restricted interpretation on the extent of the analysis – also taking the National Strategic Reference Framework (NSRF) into account – should be sufficient enough to justify the proposed actions.

The evaluator represents a more ambitious opinion concerning the structure, extent and content of the ROP. His main argument is that a strategy should not only be based on the elements that are most relevant for the interventions proposed, but also on other aspects that will contribute to the regional development (other forms of transport infrastructure, the institutional environment in which one has to work, other aspects of the business environment than business structure, etc.) or even form bottle-necks for this development (as for instance a not adequately working spatial planning system). To reach a higher degree of comprehensiveness he sticks to his opinion that the analysis should be better structured around the following themes:

- Population / labour market
- Economic structure
- Production structure / business environment
- Environment / natural resources

Anyway the analysis of the current situation is as much as possible based on base-line indicators where they were available. These concern mainly those on the economic performance, foreign investments, economic structure, SME representation, labour market, population, migration, tourism and infrastructures.

All analyses on the intra-regional differences in the 8 development regions follow the same format. This format comprises all important elements that characterise these differences at regional level. Besides, annex 2 of the POR contains base-line information on the main indicators that are characteristic for the intra-regional differences. Although the extent of the analyses per region differs a bit, they can be considered a useful enough for the implementation of the ROP.

For a number of other for the regional development important elements the evaluators suggested to include some additional information in the analysis (see BOX I)<sup>1</sup>. For a number of issues information or additional analyses were – or will be - delivered by the local experts of the evaluation team.

<sup>1</sup> BOX I can be removed after delivery of the proposed additional information.

<b>BOX 2</b> <b>Information delivered by the evaluation team</b> <b>(ad-hoc analyses)</b>
<ul style="list-style-type: none"><li>• Analysis of the <b><u>Regions' growth potential</u></b>, based on real data and information.</li><li>• Analysis of the <b><u>labour force' education level and qualification</u></b>.</li><li>• A study (reliable sources and data, qualitative analysis) on <b><u>migration phenomenon</u></b>.</li><li>• Information providing comparable indicators on EU average and also of the 10 new Member States regarding ROP main fields of intervention.</li><li>• Identification of <b><u>output indicators for urban integrated projects</u></b>.</li><li>• A study (reliable sources and data, qualitative analysis) revealing the real <b><u>unemployment situation</u></b> and trends, taking into account early retirements and migration from urban to rural.</li><li>• Also information on the main characteristics of rural development, on the settlement structure and on the magnitude structure of business will be added to the analyses.</li></ul>

## 2.2 Analysis of Strengths, Weaknesses, Opportunities and Threats (SWOT).

### 2.2.1 Analysis

Chapter 2 of the ROP comprises the SWOT analysis which was derived from the socio-economic analysis and intends to design an overall picture of the different SWOT elements (Strengths, Weaknesses, Opportunities and Threats) that characterises regional situation in Romania.

The general SWOT can as follows be analysed:

- The **strengths** relate mainly to:
  - qualified level of the education system ( and therefore also the labour market)
  - Romanians' location to the western markets and a relatively dense urban networks in a number of its regions
  - economic growth potentials / revitalisation shown in a number of sectors and regions
  - Availability of natural resources among other for tourism development.
- The **weaknesses** orient mainly on:
  - aspects related to the labour market and a threatened imbalance of supply and demand (also qualitative)
  - deficiency of social infrastructure and public utilities that also threatens investment climate
  - still strong dependency on agricultural sector and decline of many economic centres
  - bad accessibility and attractiveness of most regions and insufficiently developed business infrastructure
  - limited access of SMEs to financing



- limited financial, technical and management capacities at regional and local level
- The opportunities concern:
  - present path of economic growth and the low wages
  - expected process of diversification of economic activities shift to service and high-tech sectors
  - the financial resources that become available after the accession, which should solve a lot of the mentioned bottle-necks
  - an adequate valorisation of Romanians' geographical position as a transit point in the TENs
  - Financial as well as managerial inflow from Romanian expats.
- The threats relate mainly to:
  - Relation migration and labour market
  - Further decline in social infrastructure and quality of life in urban areas
  - Lack of financial resources available on local level for large infrastructures
  - Limited accesses to the regions and bottle-necks in Capital road network
  - Possible increase of prizes for real estates with negative effects on labour market mobility.

In annex 3 of this operational programme SWOT analyses of all the 8 development regions have been comprised as well. Generally one could state that the regional SWOT conclusions are more or less reflected in the overall SWOT analysis of the ROP.

### 2.2.2 Assessment of the SWOT

Main questions for this assessment are;

- What aspects of the SWOT can be considered as "wishful thinking" or are they based on elaborated analyses of the sector or regions?
- Are the SWOT analyses correctly executed and were the conclusions drawn concerning deviations, gaps and development opportunities correct?

For the assessment of the SWOT also the following criteria could be used:

- Consistent
- Coherent
- Balanced between Strengths and Weaknesses & Opportunities and Threats
- Focus on tangible factors
- Measurable and usable factors

Concerning the Strengths and Weaknesses it can be stated that most of them have been reflected in the analysis of the current situation and is certainly also reflected in most the intra-regional analyses. The following conclusions can further be drawn:

- Only concerning the conclusion with respect to the qualitative side of the labour market the SWOT statements are not totally covered by the socio-economic analyses
- Two statements concerning *strengths* seem in the opinion of the evaluator more based on presumptions than on real facts from one of the ROP analyses. Besides, they seem to belong rather to the opportunities than to the strengths. These are:

(1) *The proximity of western markets leads to a economic growth process spurred on West-East direction*

(2) *Potential for fast economic growth by mobilizing unused resources in all the regions*

- Taking into account that in the Romanian situation one could indeed expect more weaknesses than strengths, the conclusion is justified that the two SWOT elements are balanced
- Tangible factors are those one's that can be affected by activities of the ROP. From most of the presented SWOT conclusions one can state that they are tangible. The tangibility of the above mentioned two conclusions on the *strengths* are maybe most doubtful in that respect
- A same kind of conclusion could be drawn concerning the measurability and usability of the proposed conclusions on *strengths* and *weaknesses*.

Concerning the opportunities and threats one should take into account that these conclusions could be more based on assumptions and common understanding than this should be the case for the *Strengths* and *Weaknesses*. Nevertheless a number of analytical conclusions could be made:

- Some of the described *opportunities* and *threats* express the hope or the fear to attain respectively not to attain specific objectives of some of the proposed Priority Axes
- Two statements on *threats* relate to the possible lack of financial capacities for the local authorities to absorb the available EU resources. This threat calls up the question if sufficient co-financing is available for all regions to participate in programme activities up to the quota foreseen for them?
- Tangibility and measurability will be less sure than it is the case for the *Strengths* and *Weaknesses*.

### 2.3 Appraisal of the Relevance

Assessment of the relevance of the strategy could be assessed on the basis of the following questions:

- Can the proposed priorities and measures in the O.P.s be logically derived from the analyses and Strategy?
- Is the proposed strategy, including the strategic objectives sufficiently relevant in relation to the identified problems, needs and potentials from the analyses (*Strengths & Weaknesses*)?
- Is the proposed strategy, including the strategic objectives sufficiently relevant in relation to the identified trends and future challenges (*Opportunities & Threats*)?
- Can the relevance of the strategy be further improved by other elements of the analyses?
- On which SWOT combinations is the strategy mainly based (strengths / opportunities, weaknesses / opportunities, strengths / threats or weaknesses / threats) and how is the strategy generally characterised?

To answer the first question the evaluator tried to structure the SWOT statements according to the Priority Axes as proposed in the ROP. On the basis of this exercise the following findings could be drawn concerning the relevance of the choice for the priority axes and the proposed key areas for intervention:

- It is not so difficult to arrive to a structure in the SWOT analyse which can also be linked to most of the proposed Priority Axes;
- Not in all cases there is talk of a balance among the SWOT elements for all policy areas / priority axes;
- It should be clear that interventions on infrastructure and business environment will also effect the priority axis on tourism and visa versa;
- This is also the case for the priority axis on sustainable urban development. Also here the SWOT statements should be assessed in relation to those on infrastructure and business environment;
- On the basis of this analysis one could also conclude that - certainly for the ROP - a more detailed analysis on the institutional and financial context could be feasible;
- The limited availability of technical and financial facilities on local and regional level can not be derived from the analysis as presented in the ROP, but are proved by the survey that had been executed by the evaluators in collaboration with the MA ROP (see also table and graph on pages 58 and 59 respectively).

Concerning the institutional context two other issues could be mentioned that are very important to reach to the overall objective as proposed in the strategy of the ROP. These issues are among others:

- The low level of competences and financial resources at regional (Nuts II) level prevent the implementation of a coherent strategy which tries to anticipate on and steer developments for the benefit of a region as a whole;
- This situation is even worse because spatial planning instruments necessary for this regional level don't function adequately yet. Therefore fine-tuning of the spatial development needs among the government levels involved is not possible.

To give an answer on the other questions concerning the relevance of the strategy in relation to identified problems, needs and opportunities, in table 1 an assessment is made to which extent the SWOT statements could be impressed by the proposed Priority Axes and their related Interventions.

The symbols used to induce the tangibility of the SWOT conclusions are the following:

- Not/hardly tangible
- O unclear
- + Reasonably tangible
- ++ Good tangible

**Table 2.1** *Assessment of the relevance of the strategy*

<b>INFRASTRUCTURE / BUSINESS ENVIRONMENT</b>			
<b>Strengths</b>	<b>Tangibility</b>	<b>Weaknesses</b>	<b>Tangibility</b>
- Relatively balanced distribution of public roads network across the Regions	++	- Limited access of most Regions to the national transport network, IT and communication infrastructure, excepting the capital, C and W	++
		- Reduced modernization of local and regional transport infrastructure	++
		- Business infrastructure insufficiently developed in most of the regions	++
		- Continuous degrading of health care services infrastructure	++
		- Insufficiency and over use of medical equipments	++
		- Low development of social infrastructure in regions, especially in rural areas and small and medium towns	++
		- Outdated sewerage system and water network in large cities, underdeveloped in small and medium towns	++
		- The lack of urban endowments (water, sewerage, modernized roads, public lightning) in all rural areas	++
		- Insufficient childcare facilities (NE, S, SE Regions)	++



<b>Opportunities</b>	<b>Tangibility</b>	<b>Threats</b>	<b>Tangibility</b>
<ul style="list-style-type: none"> <li>- Stable and fast economic growth and regional conversion (continuous increase of employed population in services sector)</li> <li>- Diversification of the economic activities, especially in the services and high tech sectors - Business infrastructure financing under EU Structural Funds, might foster the economic development of Regions</li> </ul>	+	<ul style="list-style-type: none"> <li>- Research results not used by enterprises</li> <li>- The increase of adjacent labour costs</li> </ul>	+  0
<b>LABOUR MARKET / POPULATION</b>			
<b>Strengths</b>	<b>Tangibility</b>	<b>Weaknesses</b>	<b>Tangibility</b>
<ul style="list-style-type: none"> <li>- Relatively high education level, especially in those regions with traditional university centres (NE, W, BI, C, NW)</li> <li>- Flexible and pretty well-qualified labour force</li> </ul>	+  ++	<ul style="list-style-type: none"> <li>- Ageing population in most of the Regions, especially in W, SW, NW, C</li> <li>- Low share of employed population in regions (between 35-43%)</li> <li>- High share of population employed in agriculture in most of the regions, especially in NE, S and SW</li> <li>- Quantitative and qualitative disparities between demand and supply on labour market: NE, SE, S and partly SW, C, W, BI and NW strong</li> <li>- The decreasing of students in pre - university level</li> </ul>	-  +  +  ++



<b>URBAN ENVIRONMENT</b>			
<b>Strengths</b>	<b>Tangibility</b>	<b>Weaknesses</b>	<b>Tangibility</b>
- Relatively dense urban network, especially in Centre (51 towns) and South (43 towns) Regions	++		
<b>Opportunities</b>	<b>Tangibility</b>	<b>Threats</b>	<b>Tangibility</b>
		<ul style="list-style-type: none"> <li>- Decreasing the life quality in urban areas</li> <li>- Accelerated and exaggerated increase of land prices in some of the urban centres (BI, C and W) that might discourage the investments</li> </ul>	<p style="text-align: center;">+</p> <p style="text-align: center;">0</p>

<b>INSTITUTIONAL CONTEXT</b>			
<b>Strengths</b>	<b>Tangibility</b>	<b>Weaknesses</b>	<b>Tangibility</b>
		<ul style="list-style-type: none"> <li>- Limited financial resources allocated to local authorities, especially concerning education and social services</li> <li>- Limited technological and management facilities</li> </ul>	<p style="text-align: center;">-</p> <p style="text-align: center;">-</p>
<b>Opportunities</b>	<b>Tangibility</b>	<b>Threats</b>	<b>Tangibility</b>
- Management expertise and monetary inflows from Romanian expats:	0	<ul style="list-style-type: none"> <li>- Failure of local authorities to attract funds for ensuring the co-financing of the large infrastructure projects</li> <li>- The inconsistency of the fiscal mechanism with the decentralization process regarding the responsibilities of local authorities</li> <li>- Complicated bureaucratic procedures for investors</li> </ul>	<p style="text-align: center;">-</p> <p style="text-align: center;">-</p> <p style="text-align: center;">+</p>



Before presenting the conclusions from this analysis one should take in mind that above exercise is only based on the question what effect the programme / proposed axes / interventions **could** have (without taking their extent of the available resources into account). Main conclusions from this assessment are:

- Most of the concluded SWOT statements will be effected by the proposed priority axes and interventions
- This is especially the case for the interventions on Infrastructure and Business environment.
- So, the proposed strategy is sufficiently relevant in relation to identified problems, needs and opportunities
- The expressed SWOT statements related to institutional issues are in most cases not tangible by the ROP
- Although – as said before – in number the weak points and threats exceed the strengths and opportunities, still one can conclude that the strategy tries to make links between all elements of the SWOT.

## 2.4 Assessment of Partnership

Main questions for the assessment of partnership are:

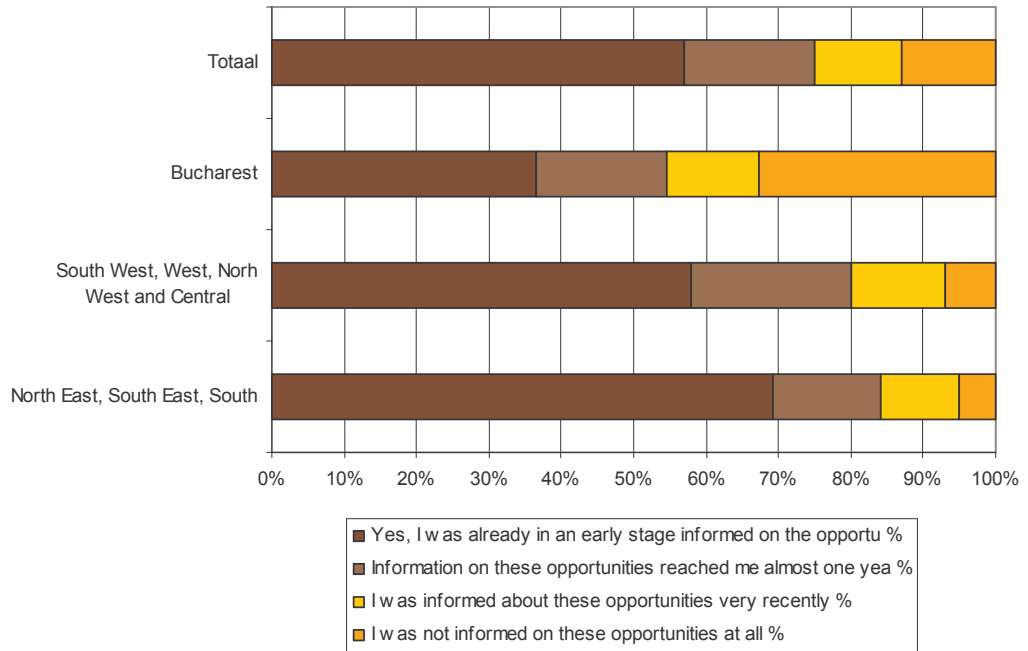
- Were the stakeholders from the relevant sectors and regions sufficiently involved in drawing conclusions from the analyses?
- Was there sufficient consensus concerning the conclusions from the SWOTs?

In the survey that was executed in the framework of this evaluation regional stakeholders were asked how they were informed about the introduction of the new structural funds in Romania and in how far they were involved in the preparation of the ROP. In the ROP itself the involvement of the relevant stakeholders has been extensively explained. Two kinds of consultations were organised:

- A. Consultations at national level with regional participation. This consultation process of the regional partners took mainly place through the Regional Development Agencies (RDAs) that will become in the future also the intermediate bodies for the ROP implementation. These RDAs – working under the supervision of the Regional Boards – delivered as well their strategic development plans, incl. the SWOT analyses, that were used for the draft of the ROP;
- B. Partnership consultations at regional level with national attendance. This partnership was assured by the Regional Committees for Regional Development Planning, which integrated the representatives of relevant regional and local institutes and bodies.

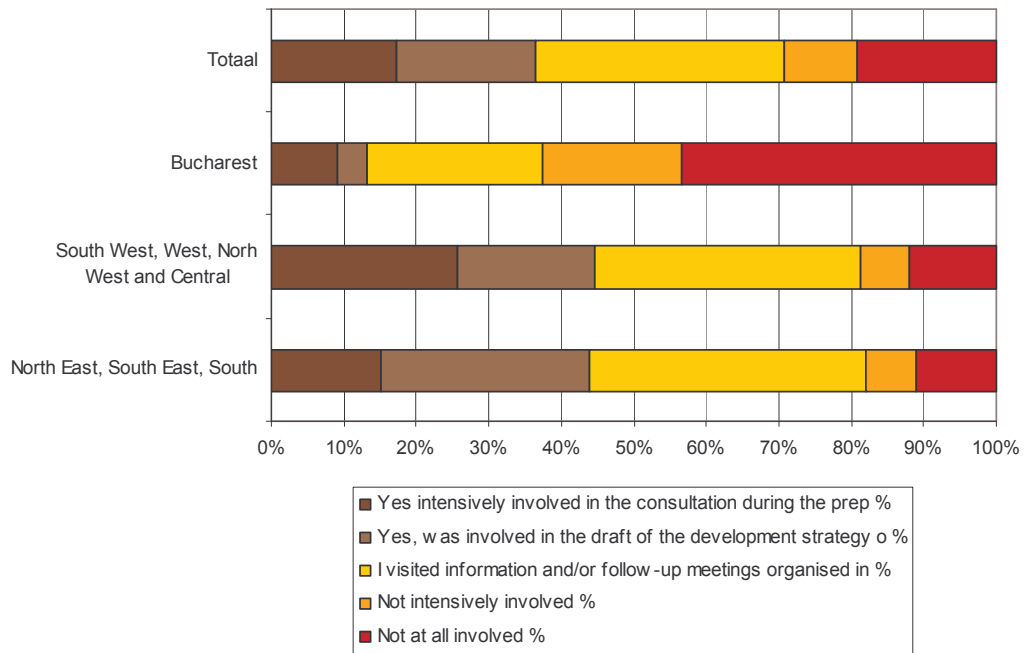
In addition to this the following results of the survey related to partnership can be presented:

*Information about the opportunities offered by the EU Funds for the implementation and financing of projects in the regions.*



More than 50 % of the stakeholders were already informed in an early stage on these opportunities. For the regions most lagging behind this figure was almost 70 %.

*Involvement of regional stakeholders in the preparation of the Regional Operational Program (ROP).*



The fact that the regional involvement in the preparation of the ROP has mainly taken place through the RDAs is easily proved by above graph. About 18 % of the respondents confirmed their extensively involvement, while 19% was also involved in the draft of the programme. So, the involvement of in total 37% could be derived from this survey. The exceptional outcome for Bucharest-Ilfov of not at all and not intensively involved people (63%), has probably to do with its relative better socio-economic situation (anyway for the capital county).

## 2.5 Overall conclusions

Taken the above analysis and assessments into account concerning the socio-economic analysis, the SWOT analysis and the relevance, the following overall conclusions on this evaluation component can be made:

- i. With the information from BOX I one can conclude that the analytical basis for this operational programme is sufficient and robust enough to justify the conclusions that were derived from it for the formulation of the strategy;
- ii. The same conclusion – if the information of BOX I is added – can be made concerning the validity of the SWOT conclusions. Most of them can be effected by the proposed strategy and its operational objectives;
- iii. So, the proposed priorities and measures in the O.P.s can be logically derived from the analyses and Strategy and are relevant
- iv. The proposed strategy, including the strategic objectives sufficiently relevant in relation to the identified problems, needs and potentials from the analyses (*Strengths & Weaknesses*)
- v. The strategy, including the strategic objectives is also sufficiently relevant in relation to the identified trends and future challenges (*Opportunities & Threats*).
- vi. Although in different degree of intensity between the regions can be observed, the principles of partnership seem generally be well taken into account during the draft of the ROP.

### **3 Evaluation of the rationale of the strategy and its consistency**

#### 3.1 Introduction

This component forms in effect the core of the ex-ante evaluation. The main question will be: How appropriate is the proposed strategy? What about the rationale of the proposed strategy is this consistent and what are the possible policy risks? The following key issues and questions are considered:

- *Assessment of the rationale of the strategy*
  - Can it be demonstrated why particular priorities have been chosen and decisions have been taken on the budget's division?
  - Are the shares and the weights of the proposed priority axes justified by information from the socio-economic analysis?
  - Can the chosen thematic, spatial and financial priorities (concentrations) sufficiently from the intervention logic be explained?
  - Is there complementarities and synergy between the priority axes and the actions proposed?
  - Are there possible conflicts amongst the proposed objectives?
  
- *Assessment of the consistency of the chosen strategy*
  - The justification of the strategy has to be made at the level of global objectives based on evolving needs and key disparities (employment, income, horizontal issues, etc), as well as conformity to National and Community policies and priorities.
  - The ex-ante evaluation should provide an appraisal of the consistency between the strategic and specific operational objectives and the available resources.
  - Is the proposed policy mix an optimal one and do they conflict with each other? For instance, does the measure 'development of natural parks' under the proposed priority "tourism development" coincide with the priority for "Environmental protection"?

### 3.2 Assessment of the rational of the strategy

A preliminary conclusion is that the strategy proposed and its strategic objectives are sufficiently relevant in relation to the problems, needs and potentials as identified in the SWOT analysis. Most SWOT statements can be traced back to solid evidences in the socio-economic analysis. In some cases, however, their coverage can not totally be derived from the analysis but find their source in other programme documents or from the NSRF. The MA ROP confirmed also that earlier versions of the socio-economic analysis had been much more comprehensive, but others – among them the EU Commission services – suggested shortening this. So, as concluded before, the proposed priority axes can be attained to each of the elements of the SWOT.

In table 2 an assessment is made of the relationship between the SWOT statements and the proposed priority axes.

**Table 2** Relationship SWOT statements / proposed priority axes

<b>SWOT – Statements</b>	<b>Linked to Priority Axes</b>
<b>STRENGTHS</b>	
Relatively high education level, especially in those regions with traditional university centres (NE, W, BI, C, NW);	<b>3</b>
Flexible and pretty well-qualified labour force	<b>3</b>
Relatively dense urban network, especially in Centre (51 towns) and South (43 towns) Regions;	<b>1 &amp; 5</b>
The proximity of western markets leads to a economic growth process spurred on West-East direction (W, C, NW Regions);	<b>3 &amp; 4</b>
Slight revitalization of industrial activities and a stabilization process of the newly enterprises created on the former industrial platforms, currently restructured (SE, BI);	<b>3</b>
Potential for fast economic growth by mobilizing unused resources in all the regions;	<b>1, 3 &amp; 4</b>
The existence of economic “free zones” (SE, S, W);	<b>1, 3</b>
The increasing of SMEs contribution to the regional GDP in all Regions;	<b>3, 4 &amp; 5</b>
Diversified natural and entropic resources in all Regions, with high potential for eco-tourism development;	<b>4</b>
Wide surfaces with fertile soils, especially in NW and partially SW and W;	
Relatively balanced distribution of public roads network across the Regions.	<b>1, 3 &amp; 4</b>

<b>WEAKNESSES</b>	
Ageing population in most of the Regions, especially in W, SW, NW, C;	<b>2 &amp; 5</b>
Low share of employed population in regions (between 35-43%);	<b>All</b>
High share of population employed in agriculture in most of the regions, especially in NE, S and SW;	<b>1, 3 &amp; 4</b>
Quantitative and qualitative disparities between demand and supply on labour market: NE, SE, S and partly SW, C, W, BI and NW strong;	<b>1, 2, 3 &amp; 4</b>
The decreasing of students in pre-university level;	<b>1, 2</b>
Continuous degrading of health care services infrastructure;	<b>All</b>
Insufficiency and over use of medical equipments;	<b>2</b>
Traditional underdeveloped areas, dependent on agriculture (NE, S, partially SE, border areas);	<b>1, 3, 4</b>
Economic decline of many industrialized centres (mining, machinery, basis textile industries);	<b>1, 2, 3 &amp; 5</b>
Many former mono-industrial localities with high unemployment;	<b>5</b>
Limited access of most Regions to the national transport network, IT and communication infrastructure, excepting the capital, C and W;	<b>1, 3 &amp; 4</b>
Reduced modernization of local and regional transport infrastructure;	<b>1, 3 &amp; 4</b>
Low development of social infrastructure in regions, especially in rural areas and small and medium towns;	<b>2, 5</b>
Business infrastructure insufficiently developed in most of the regions;	<b>3, 4 &amp; 5</b>
Limited financial resources allocated to local authorities, especially concerning education and social services;	<b>2</b>
Limited technological and management facilities	<b>3, 4 &amp; 5</b>
Difficult access of SMEs to financing;	<b>3, 4 &amp; 5</b>
Low capitalisation of Regions' agricultural potential, in spite of a favourable natural basis;	<b>1, 3 &amp; 4</b>
Outdated sewerage system and water network in large cities, underdeveloped in small and medium towns;	<b>5</b>
The lack of urban endowments (water, sewerage, modernized roads, public lightning) in all rural areas;	
Insufficient childcare facilities (NE, S, SE Regions);	<b>2, 3 &amp; 5</b>

<b>OPPORTUNITIES</b>	
Stable and fast economic growth and regional conversion (continuous increase of employed population in services sector);	<b>all</b>
Low wages, as compared to EU countries;	<b>3</b>
Diversification of the economic activities, especially in the services and high tech sectors -	<b>3 &amp; 4</b>
Business infrastructure financing under EU Structural Funds, might foster the economic development of Regions;	<b>3</b>
EU programs financing the extension/rehabilitation of urban public utilities/transport infrastructure etc;	<b>all</b>
Increase of regional attractiveness by rehabilitation of the former industrial sites and the obsolete ones (green areas, cultural-educational and social centres)	<b>all</b>
Potential to develop niche tourism: spa, itinerant tourism, winter and extreme sports in all Regions;	<b>all</b>
Adequate valorisation of the geographical position as transit point in the European transport networks;	<b>1</b>
Management expertise and monetary inflows from Romanian experts;	<b>3</b>
<b>THREATS</b>	
Decline of educational and social services;	<b>all</b>
Emigration of the labour force to EU countries;	<b>3, 4 &amp; 5</b>
Definitive emigration of young specialists;	<b>3, 4 &amp; 5</b>
Decreasing the life quality in urban areas;	<b>1, 2,3 &amp; 4</b>
Failure of local authorities to attract funds for ensuring the co-financing of the large infrastructure projects;	<b>all</b>
Research results not used by enterprises;	<b>3</b>
The inconsistency of the fiscal mechanism with the decentralization process regarding the responsibilities of local authorities;	
The lack of moderate price tourism sites;	<b>4 &amp; 5</b>
The limited access infrastructure localities with tourism potential;	<b>1</b>
The increase of adjacent labour costs;	<b>3 &amp; 4</b>
Accelerated and exaggerated increase of land prices in some of the urban centres (BI, C and W) that might discourage the investments.	<b>5</b>
Bottlenecks in the Capital road networks	<b>1, 3, 4 &amp; 5</b>
Complicated bureaucratic procedures for investors.	<b>3</b>
Low level of work force mobility due to the lack of a developed housing market	<b>1, 3</b>

A first conclusion from this assessment is that the proposed priority axes fit reasonably well with the SWOT statements as they are developed from the socio-economic analysis. If one counts the scores on the different priority axes from the SWOT statement, the conclusion is justified that *Infrastructure* scores very high (especially on transport infrastructure). Then follows the priority axis 3 on *regional and local business*

*environment*, while the priority axes 4 and 5 on *tourism* respectively *urban development* follow directly after these. About two third of all statements can be effected by 2 or more priority axes, while a little bit less than 50 could be effected by 3 or more priority axes. This conclusion is even more justified if one takes into account the positive effects that can be expected from the first two priority axes on the three other ones. It is also clear that most priority axes contribute also positively to the improvement of the business environment and – in somewhat lesser extent – on the development of tourism.

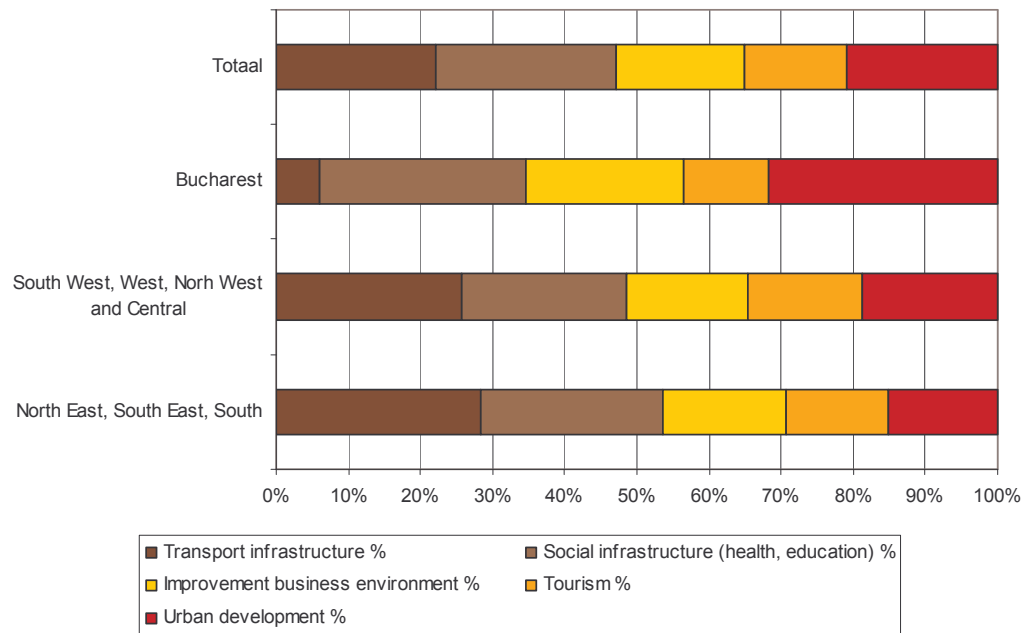
On the basis of the division of the available resources among the priority axes (see table 3) one can conclude that the policy mix offered is completely justified.

**Table 3:** *Priority axes: share in total available resources (in EUR)*

<i>Priority axes</i>	<i>Total funding</i>	<i>Share of total resources</i>
<b>Priority Axis 1</b> <i>Improvement of regional and local transport infrastructure</i>	1.095.888.754	25 %
<b>Priority Axis 2</b> <i>Improvement of social infrastructure</i>	876.711.003	20 %
<b>Priority Axis 3</b> <i>Strengthening the regional and local business environment</i>	933.070.996	20 %
<b>Priority Axis 4</b> <i>Development of regional and local tourism</i>	657.533.252	15 %
<b>Priority Axis 5</b> <i>Support of sustainable urban development</i>	745.204.352	17 %
<b>Priority Axis 6</b> <i>Technical assistance</i>	131.506.650	3 %
<b>Total</b>	<b>4.439.915.007</b>	<b>100 %</b>



It is interesting to see that the outcome of the survey executed among stakeholders coincides quite well with the proposed division of resources among the priority axes (see next graph).



### 3.3 The consistency of the strategy

As key problems identified in the socio-economic analysis of the regions and the problems that exist within the regions, at county level, in the ROP it was concluded that:

- *The increasing of the development disparities between Bucharest-Ilfov Region and the other regions*
- *The unbalanced development between the East and the West of the country, respectively between North-East, South-East, South, South West and West, North-West, and Centre Regions.*
- *The chronic under-development is concentrated in North-East region, at the border with Moldavia and in South region, alongside Danube*
- *The existence of important intraregional disparities which reflects the mosaic structure of the economic development: within the regions coexist underdeveloped areas with relatively developed areas*
- *The massive decline of the small and medium towns, especially of the mono industrial ones, generated by the industrial restructuring*
- *The low level of attractiveness of most of the regions*
- *The socio-economic decline of many big urban centres and the diminishing of their role in the development of the adjacent rural areas;*
- *Insufficient experience in the management of the regional/local development programmes.*

The following *global objective* on programme level was derived by the Romanian authorities from this:

*The ROP global objective consists in supporting and promoting a sustainable balanced economic and social development of the Romanian Regions, giving priority to the*

*lagging behind ones by improving business environment and infrastructural conditions for economic growth.*

The priority given to the lagging behind regions and the less developed regions in the more prosperous regions is certainly justified because it is especially the task of the ROP to arrive at a more balanced territorial development within Romania itself. Also the division of the available resources among the 8 Romanian development regions should take the need for a territorial dimension in this programme into account. The proposed division of these resources among the proposed Priority Axes reflects also the intentions of above mentioned global objective.

### 3.4 Priority axes and key areas of intervention

Priority axes/key operations	
<b>PA 1: Improvement of regional and local transport infrastructure</b>	
<ul style="list-style-type: none"> <li>➢ Rehabilitation and modernization of the local and county road network, regional airports and ports</li> </ul>	<p>Improvement of accessibility of the regions is one of the highest priorities for the ROP. Together with most of the other priority axes proposed it should also improve the attractiveness of the regions for new economic activities and investments. In the study on Romanians 'Potentials and Needs investments in infrastructure is seen as one of the highest priorities as well. Investments in the rehabilitation and modernisation of regional airports and ports should be considered as an important complement to the regional transport infrastructure.</p>
<b>PA 2: Improvement of social infrastructure</b>	
<ul style="list-style-type: none"> <li>➢ Rehabilitation/ modernisation/ development and equipping of the health services;</li> </ul>	<p>The existing health services are – although based on a large network of various forms of health facilities – far below the acceptable standards on European level. So, there is an urgent need for improvement that – in the opinion of the evaluator – should be based on general reform measures from the Romanian government. This process of reform has been started and the proposed interventions should – if implemented in a rather focused and integrated way – deliver a sound basis for this.</p>
<ul style="list-style-type: none"> <li>➢ Rehabilitation/ modernisation/ development and equipping of social services infrastructure;</li> </ul>	<p>An important objective for this intervention is to ensure the delivery these services for all citizens concerned. The proposed interventions should guarantee minimum standards of social services. They should mainly focus on vulnerable groups in the society who could be reinserted in the labour market. The intention to improve and diversify these services through multifunctional and residential centres so that active members of families can participate in active working live.</p>
<ul style="list-style-type: none"> <li>➢ Improving the equipments of the operational units for public safety interventions in emergency situations;</li> </ul>	<p>The development of this intervention is based on a National Strategic Concept and intends to improve the response time in emergency situations and qualified first aid. Support from the ROP will especially be focused on the development of 8 regional operational bases that could operate on a more coordinate and integrated way. The latter especially in specific areas which are frequently exposed with disasters (earthquakes, floods and erosion).</p>
<ul style="list-style-type: none"> <li>➢ Rehabilitation/ modernisation/development and equipping of pre-university education and continuous vocational training infrastructure.</li> </ul>	<p>As is the case with the medical capacities and equipment, also the education sector within Romania is very poorly endowed. This situation is even worsened because of the extension of compulsory education from 8 to 10 years. Besides, in certain rural areas, it will be very difficult and costly for parents to send their children to school longer than strictly necessary. Among others because of these situations and the importance to keep the educational level in the whole country at a high level, under this intervention focus is put on the establishment of campuses. They should integrate in the same region all education related activities on the pre-university level. The orientation in this intervention area also on "long life learning" activities, makes it a very attractive opportunity in the regions to</p>

	adapt the labour qualities on the demands of the market.
<b>PA</b> <i>Strengthening the regional and local business environment</i>	
➤ Development of business support structures	A favourable business environment should comprise all elements that determine the extent in which business development and economic growth can evolve. Next to physical conditions as geographical location, accessibility and the availability of economic infrastructure (e.g. industrial site, business premises, innovation and training centres, access roads, etc), business environment comprises as well institutional support facilities that can promote business initiatives and developments and can facilitate the access of sme's to financial markets. This intervention intends to keep the existing structures up to a level that makes the regions attractive for new economic activities. Also new locations for business support facilities should established through this intervention.
➤ Industrial sites rehabilitation	Romania is characterised by an extended network of towns which were heavily struck by industrial decline. Very often they concern mono-industrial structures (brown fields) which decline had very negative effects on the environment and not attractive for new investments. Nevertheless they were very often located in quite favourable geographical areas with existing public utilities networks. So, by rehabilitating these industrial areas new attractive business related infrastructures will be created. The reduction of brown fields and the rehabilitation of industrial parks have also a positive impact on the environment.
➤ Support to develop micro-enterprises	The improved or newly established business infrastructures should create a business environment in which new business initiatives can be taken. The proposed intervention tries to offer appropriate facilities for that. In fact this intervention intends to continue two PHARE supported entrepreneurial initiatives which were focused on new enterprises, micro-enterprises and start-ups. It is not provided to deliver consultancy and training services through this facility, but it will focus on carrying out economic activities of production and services. Also access to financial resources to realise their plans should be offered by this intervention.
<b>PA 4</b> <i>Development of regional and local tourism</i>	
➤ Rehabilitation and sustainable valorisation of cultural & historical heritage and setting up & modernization of related infrastructure	Cultural tourism is seen as one of the highest potentials for tourism development. And seems to contribute quite well to the regional added value because of the higher spending and the longer stay of traditional tourists. An important aspect of this intervention is its contribution to sustainable tourist developments by preservation and conserving activities.
➤ Creation / development / modernization of the specific infrastructure for sustainable valorisation of natural resources with tourism potential	The mountain areas consist in totally of about 30% of Romanians' surface and offer tourist activities almost around the whole year. Sustainability is also here an important issue and should among others be reached by a controlled tourism regime. This is the more important because the areas concerned are in most cases protected and need adequate monitoring of the pressure of the environment. Management plans should be developed according to the NATURA 2000 network.
➤ Rehabilitation / modernization / extension of accommodation structures and related utilities, as well as leisure tourist infrastructure	As became clear from the analysis the existing accommodation structures are obsolete and outdated and need urgent upgrading. So, the quality of accommodations and related utilities should be adapted to international accepted standards.

<b>PA 5: Support of sustainable urban development</b>	
➤ Integrated urban development plans	The previous EU experiences with the Community Initiative URBAN proved the need of integrated approached to tackle the specific problems in bigger cities / urban areas. These problems concern social, economic as well as environmental issues within the deprived cities. Because of the interrelationship between these issues operation will be most efficient if they are based on the proposed Integrated urban development plans. Without a coherent approach individual activities should fail to solve the problems of these areas. So, to base these plans on all aspects – infrastructure, public services, business environment and social services – the highest synergy effects could be reached. This wills - in the opinion of the evaluator – certainly the case if these interventions are complemented by ESF oriented interventions (training).
<b>PA 6 Technical Assistance</b>	
6.1 Support to the SOP management, implementation, monitoring and control.	This measure facilitates project selection processes, programme management, monitoring and control. It is not a thematic field of intervention but justified and required by the regulation as such. The SMIS training and corresponding IT infrastructure are covered by priority 2 in TA-OP. Needs to be checked with MPF, whether in the context of SMIS roll out to IB training will have to be covered by MA individually (A Commission comment to be considered)
6.2 Support for communication, evaluation and IT development	This measure facilitates the necessary communication process which is for the ROP highly demanding. Moreover, evaluation and IT infrastructure is supported here. The measure is generally required.

The proposed priorities axes and key interventions proposed can easily be considered as complement to each other. All these measure will for instance contribute to the improvement of the production structure and in particular to the business environment. Although the priorities axis on tourism has mainly a sectoral focus, the activities executed under this issue, however, will also contribute to the attractiveness of the regions.

### 3.5 Overall conclusions rational and consistency

Concerning the rational and the consistency of the proposed strategy, the general conclusion is justified that the Regional Operational Programme will certainly contribute to support and promote of sustainable economic and social developments in the Romanian Regions. It should be unrealistic to expect to reach the ultimate objective of regional development policy within this programme period. But if this programme during the period 2007 – 2013 is implemented in a focused way, a sound foundation has been laid for a balanced regional development at the end of the next decade. Furthermore the following concluding remarks concerning rational and consistency have to be made:

- The choice of particular priorities as well as the decisions taken on the shares and the weights of the proposed budget's division are sufficiently justified from the socio-economic analysis and can be explained from the intervention logic.
- Although no direct evidence in the programme itself is given, the ROP seems to concentrate more or less on the development regions most in need. It is, however, questionable if the intended concentrations can also be realised during the implementation of the programme.
- The survey which was executed among potential stakeholders proved possible bottle-necks concerning the available financial, administrative as well as technical capacities. This will ask particular attention from the technical assistance under priority axis 6 on technical assistance.

- The priority axes and the actions proposed can be considered are sufficiently complement and synergy between them can certainly be expected. All proposed actions can contribute to improved investment climate
- In the framework of this evaluation possible conflicts amongst the proposed objectives could not be detected. Only the Strategic Environmental Assessment (SEA) asks for particular attention for the interventions to be implemented under the priority axes on transport infrastructure and sustainable tourist development.
- The proposed policy mix can be considered as an optimal one and does not conflict with each other.

## **4 Appraisal coherency of the strategy with EU, National and Regional policies and the Community Strategic Guidelines**

### **4.1 Appraisal compatibility with NSRF and EU Strategic Guidelines**

The National Strategic Reference Framework (NSRF) contains – next to clear strategic visions on thematic issues as infrastructure, competitiveness, human capital and administrative capacity – also an elaborated paragraph on “Promoting balanced territorial development”. This paragraph has been correlated with Romania’s 2007 – 2025 Strategic Concept of Spatial Development and Reintegration in the European Spatial Structures (SCSD). The SCSD takes into account the regional, national, cross border, inter-regional and trans-national levels, and has the following objectives:

- Connecting the national network of development poles and corridors to the European and inter-continental ones
- Structuring the country wide network of urbanization through its balanced development
- Asserting the urban-rural cohesion according to specific territorial identity
- Strengthening of trans-Carpathian accessibility and connections in support of balanced regional development
- Protection and valorisation of natural and cultural patrimony

The NSRF concludes further that the transition to a market economy showed that market forces left to themselves, tended to spread economic growth and job opportunities unevenly in the country and exacerbate the problem of regional disparities. Therefore, the NSRF strategy is promoting a sustained and efficient policy to counteract this effect and to ensure a more balanced distribution of growth and opportunities all over the Country.

The balanced development of all regions will be promoted through an integrated approach that will embrace the principles of sustainable development and equality of opportunity. It will be based on a combination of public investments in infrastructure, active policies to stimulate business activities and support human resource development, in the following areas:

- Improvement of the regional and local public infrastructure
- Strengthening of the regional and local business environment
- Regional and Local Tourism Development
- Sustainable Urban Development
- Development of the human capital
- Promotion of territorial cooperation

Through the combined contributions of ERDF, Cohesion Fund and ESF dispersed through the Regional and Sectoral Operational Programmes, the strategy aims to stop the deepening of the disparities between the country’s regions and foster a balanced development of the country as a whole, with actions both in the rural and urban areas. To this end, the necessary conditions to speed up growth in the regions lagging behind will be created.

The above analysis brings us to the conclusion that *“The ROP strategy takes these objectives and development areas totally into account, by which the coherency of this programme with the NSRF has sufficiently proved.”*

The Community strategic guidelines on economic, social and territorial cohesion mentions as its main axes:

- (i) Improving the attractiveness of Member States, regions and cities by improving accessibility, ensuring an adequate quality and level of services and preserving the environment
- (ii) Encouraging innovation, entrepreneurship and the growth of the knowledge economy by research and innovation capacities, incl. new information and communication technologies, and
- (iii) Creating more and better jobs by attracting more people into employment or entrepreneurial activity, improving adaptability of workers in enterprises and increasing investments in human capital.

Besides, paragraph 2.1. also mentions the role of the cities to contribute to growth and jobs (agglomeration effects). Next to opportunities that cities and urban areas can offer to regional development, the guidelines mention also the challenges they are confronted with. Especially urban areas are facing specific problems such as high unemployment, social exclusion, raising crime rates, increased congestion and pockets of deprivation within city boundaries.

*Taking into account the proposed strategy, its global objective and priority axes of the ROP, also here one can conclude that they are compatible with most of these EU guidelines for 2007 – 2013.*

#### 4.2 Appraisal compatibility strategy with regional and national policy objectives

The ROP covers the following policy areas:

- Regional policy
- Urban and spatial planning
- Transport policy
- Health policy
- Social policy
- Education policy
- SME policy
- Tourism

There is no talk yet of a national **regional policy** with clear policy objectives and based on a specific white paper for this policy area. Therefore the NSRF has for this moment to be considered as a major basis for policy development within the planning period. Of course, the ROP could be seen as a good starting point for further policy development in the next 7 years. On basis of the experiences gained by the implementation of this programme such a policy could be further developed in collaboration with the development regions.

An important role in the process of regional development should also play the Romanian **policy on urban and spatial planning**. At national level the Ministry of Transport, Construction and Tourism (MTCT) coordinates urban and spatial planning, while the counties are responsible for the lower government levels. Other important stakeholders – each with own competences - in this planning process and in the development of Romanians' regional policy are the Ministry of European Integration, the National Council for Regional Development, the Regional Development Council, the Regional Development agencies, the County Councils and the local councils. The National Commission for Urban and Spatial Planning – composed with experts and professionals in the field - provides advice and assistance in urban and spatial planning work. The main objectives for spatial planning at national level are:

- the balanced economic and social development of regions and areas, while preserving their specific features;
- improving living standards of people and human communities
- the responsible management of the natural resources and the protection of the environment
- The rational use of the national territory.

Within MTCT the General Division for Spatial Planning, Urbanism and Housing is responsible for the further development of the Romanian spatial development planning. This division prepares at this moment new rules and guidelines for a more effective use of the available spatial development tools/instruments. At this moment three territorial levels for spatial and urban development do exist (national, county and zone-plans). The first two are embedded in the existing institutional (self-government) structures, while the latter should function on the regional development level for which no administrative structure does exist. Possible 'zonal' plans should be approved by a number of county and/or local councils. Because of this complicated decision system this doesn't really work in practice and could even prevent balanced regional developments in Romania.

At this moment in Romania – as well as in most of the other EU Member States – discussions are going on about the role that cities can play for the improvement of the regional development. Especially in Romania that is strongly characterised by its rural character a more polycentric approach could also be very useful (towns as motors for regional economic development). Representatives from the responsible ministry (Transport, Construction and Tourism) informed the evaluation team on their policy intentions and development concerning growth poles. Also in the regions interest for such an approach does exist.

A coherent **transport policy** on regional level doesn't exist. In fact the counties are responsible for the intraregional transport networks, while for the national transport networks and the TENs are responsible the central authorities. Through an agreement between the Romanian competent authorities of the ROP (Priority Axis 1), the Rural Operational Programme and the SOP Transport, it was decided that:

- urban transport infrastructure will be within the scope of ROP and will not be addressed in the SOPT;
- county roads will be within the scope of ROP; while European and national roads will come under SOPT;
- communal roads will be financed from EAFRD;
- all motorways will come under the scope of SOPT;



- national and regional TEN-T airports will be within the scope of SOPT; while all non-TEN-T airports will come under ROP;
- TEN-T ports will be within the scope of SOPT; while all non-TEN-T ports will come under ROP;
- No overlaps were identified for the railway between SOPT and ROP.

There is, thus, a clear distinction between the interventions in the transport sector by ROP, SOPT and EAFRD.

As said before in Romania **public health policy** will be reformed in the coming years based on the "National Strategy for Health Services and the Action Plan for the Reform of the Health Sector". To promote the implementation and the development of the national strategy and the action plan a *National Committee* is set up. The main objectives of this strategy which will steer the delivery of healthcare services in Romania for at least the next 10 years are:

1. Improving the access of the population to health care.
2. Improving the quality of health care services.
3. Improving the effectiveness and efficiency of health services.

The proposed interventions related to health care (Priority Axis 2) have been fine-tuning between the MA ROP and the ministry of Public Health. Beneficiaries of the proposed interventions will be the counties or local authorities. The former is especially responsible for the rehabilitation of the hospitals, while the ministry is in principle responsible for the purchase of equipment. Now, also the local and regional authorities can apply for health equipments. Future project applications of these two kind of applications should for efficiency reasons be coordinated among the beneficiaries.

The main objectives of **social policies** in Romania are:

- The primary objective in this area is the promotion of the educational reform at the both basic and university education levels. This is about modernizing the education system, following developments of the more advanced European countries.
- The second objective in this area is the improvement of the population health, expressed in the number of avoidable deaths and in the frequency of getting ill.
- A third objective in this area is leaving the social assistance programs of the universal eligibility for the ones directed towards special groups of population – see the pension system reforms.

The *Ministry of Work, Social Solidarity and Family* plays a synthesis role for ensuring and coordinating the Government strategies and policies in following areas:

- Elaborates the social assistance policy;
- Elaborates policies and strategies of social inclusion;
- Establishes the national strategy about the rights of family, child, alone persons, old, disabled and any other persons in need
- Ensures the methodological support, coordinates and controls the activity of the institutions of social assistance in order to protect, house and advise the victims of family violence;
- Supervises and controls the activity of associations and foundations developing social assistance programs in order of respecting the beneficiaries' rights as persons;
- Elaborates and bases programs and strategies in the area of advising and caring the family violence victims;

- Ensures financial support for the national social assistance programs,
- Implements projects financed by the EU funds for social assistance;
- Elaborates and proposes indicators for the social assistance area.

The Ministry of Education and Research elaborates coordinates and apply the ***national policy in the educational area***. So, among other things, it:

- coordinates and control the national system of education,
- organizes the State educational network and proposes to the Government the numbers of the school people foreseeable by prognosis studies made with the contest of education units, local authorities and all legal entities interested in;
- coordinates the scientific research activity developed inside the education system;
- approves the new secondary and post-secondary schools foundation;
- keeps the responsibility for the complete formation of the education personnel;
- elaborates and apply the education reform strategies on medium and long term;
- participate to a cooperation strategy in education and research

Main policy document is The National Plan of Development on 2007-2013 (Part I & II).

With regards to the coherence of the ROP with the national ***SME policy*** a high degree of compatibility is ascertained. The five priorities of this policy in Romania are:

- Creating a business environment supportive for SME development and growth
- Developing SME competitiveness
- Improving SME access to financing
- Improving SME export performance
- Promoting an entrepreneurial culture and strengthening management performance.

All interventions proposed under Priority Axis 3 will contribute to these objectives. The ROP will orient especially on the development and promotion of micro-enterprises.

The formulation of the Romanian ***tourism policy*** is largely based on analyses and recommendations of the WTTC. According to this travel and tourism should be factored into mainstream policies for employment, trade, investment, education, culture and environmental protection. The strategic importance of travel and tourism should be communicated to all levels of government, industry and local communities. The main stakeholders concerned should be closely involved in drawing up tourism policies and in planning and coordinating individual programmes. Priority axis 4 on Development of regional and local tourism offers the opportunity to anticipate on these objectives on the regional level.

*Paragraph 3.3.2. of the ROP further presented an overview in which the national policies and their main provisions are presented and analysis is made how these policies are reflected in the proposed priority axes. All above mentioned policy issues have been involved in this analysis.*

#### 4.3 Complementariness with the sectoral operation programmes (SOPs) and other operations financed by EAFRD and EFF

Paragraph 3.4. contains also a very comprehensive overview on the complementariness of the proposed strategy and on the priority axes with other operational programmes. Strong relationships are seen:

Priority axis 1	SOP Transport National Rural Development Programme (NRDP)
Priority axis 2	SOP Competitiveness SOP HRD NRDP
Priority axis 3	SOP Competitiveness SOP HRD NRDP SOP Environment
Priority axis 4	SOP Competitiveness SOP Environment SOP HRD NRDP
Priority axis 5	SOP Competitiveness SOP Environment SOP HRD

The evaluators agree with the conclusions of the planning team with regard to the relationships among the different OPs as presented in this overview. In their opinion, however, these relationships could also be made more concrete in the descriptions of the Priority Axes. It is recommended to stress these relationships anyway more in the selection criteria where priority could be given to projects in which strong relationships have been demonstrated.

#### 4.4 Appraisal compatibility with EU horizontal objectives on Environment, Equal opportunities and Information society

Paragraph 3.3.1. contains a quite elaborated analysis of the relevant EU sectoral objectives as well as on the so-called horizontal objectives of the European Union. References are made to the New Cohesion Policy guidelines for 2007 – 2013, the White Paper on the European Transport Policy, its cohesion policy and cities (“the urban contribution to growth and jobs in the regions”), the European Charter for SMEs and the Joint Inclusion Memorandum.

Furthermore extensive analyses have been made of horizontal issues as *sustainable development* and *Equal Opportunities* as well as on State Aid and Public Procurement. For the latter the National Authority for regulating and Monitoring Public Procurement (NARMPP) has been established and is dedicated with a great number of responsibilities. Besides, a mechanism for ex-ante control will be established at the ministry of Public Finance, which will function as an independent observatory.

## 4.5 Strategic Environmental Assessment (SEA)

### 4.5.1 Main findings and recommendations

The Strategic Environmental Assessment was carried out in accordance with the requirements of the European Council Directive in assessment of the effects of certain plans and programmes on the environment (2001/42/EC) and the Romanian Government decision no. 1076/8.07.2004 for setting up the environmental assessment procedure of certain plans and programmes. The full SEA report is annexed to the ex-ante report.

The implementation of the objectives and priority axes of the ROP will have some significant environmental effects on the environment. Mostly neutral and positive effects are expected from implementation of the projects to be carried out under priority axis 2, 4 and 5. Some significant negative effects may likely take place under priority axis 1 and 3.

Key mitigation measures recommended for implementation of ROP are:

- projects have to be screen for EIA and if EIAs area carried out, special focus should be given on alternatives to reduce impact on Natural 2000, landscape fragmentation and green-field developments;
- all tourism development projects should undergo the EIA in order to enable alternative solutions to any environmentally harmful impacts (e.g. under "Carpathian Super-ski" development);
- priority support should be given to developments that promote and enable BATs;
- priority support should be given to developments that promote investments to brown fields versus green fields;
- priority support should be given to developments that promote minimize and reduce energy efficiency and energy demand and reuse of waste;
- priority support should be given not only to the measures directly addressing the PT but also in other measures under the ROP;
- priority support should be given to developments supporting and promoting alternative transport infrastructure along with PT (such as cycling, walking, etc.) as well as accessibility of the PT system by handicapped and people with special needs;
- priority support should be given to developments aimed at production and replacement of fossil based fuel with bio-fuel
- priority support should be given to developments promoting energy efficiency, environmental services in tourism sector but also such tourism activities as eco-tourism, agro- tourism, etc.
- priority support should be given to projects having "greening" approach to the landscape and eco-systems, such as rehabilitation of the brown fields or a forestation and development of green areas/zones.

Some recommendations did relate to more explicit references in the proposed objectives, priority axes and key intervention areas to the need for sustainable developments (business support structures, industrial sites rehabilitation, other aspects of the business environment and tourism).

The environmental report was prepared in consultations with the Managing Authority. Consultation with other relevant authorities (relevant ministries and agencies) has been done through the Working Group (WG) established for the purpose of the SEA.

#### 4.5.2 Assessment elaboration SEA recommendations

Intensive consultations between the SEA evaluation team and the planners of the MA ROP took place from September 2006 on the basis of the available drafts of the ROP. Also a number of inter-institutional meetings took place in order to assess the possible effects of the ROP on the environment. The public debate meeting took place on the 18<sup>th</sup> of January.

In the ROP version from January 2007 is stated that "All the effects of the ROP implementation on environmental components will be strictly monitored through a proposed set of specific indicators, which will be introduced into the overall monitoring system of the programme." The latter has to be made concrete in the Programme Complement that should also contain appropriate selection criteria that answer the objectives for sustainable developments. The environmental monitoring programme has to be finalized in coordination of the environmental authorities and be reflected in the relevant manuals and/or regulations as well.

Concerning the recommendations of the SEA team for the modifications in the objectives, priority axes and key intervention areas, the planning team indicated to take these modifications into account in the final version of the ROP that is send to Brussels.

#### 4.6 Territorial dimension of the ROP

Concluding this chapter still one general comment concerning the coherency of the strategy of the ROP has to be made, which relates also to the **territorial dimension** of this operational program. As said before the spatial planning in Romania takes in principle place at three levels: at national, zonal and on county level. The planning documents that are drafted for these levels should form important tools for spatial and regional economic planning in Romania. Nevertheless between these planning levels some fundamental differences do exist. The national and county plans are finally approved by respectively the national parliament and the county councils. Approval of the zonal plans, however, is much more complicated. They are not approved by an own self-government body, but are dependent on approval by all counties and local councils concerned. Besides, no administrative institute does exist for their implementation and monitoring at regional level.

This lack of an effective spatial planning instrument at an appropriate territorial level could – in the opinion of the evaluator – in the long term have negative effects on balanced regional developments and the territorial cohesion in Romania.

#### 4.7 Overall conclusions on coherency of the strategy

The following overall conclusions on the (external) coherency of the strategy can be presented:

- Taking the present NSRF, the Community Strategic Guidelines and also the Lisbon Agenda into account, it can be concluded that the objectives of the proposed strategy are compatible with the existing EU and national policy objectives.
- The – external - coherence and compliance with community and national policies is quite elaborately explained in paragraph 3.3. of the ROP. In a comprehensive table the relevant EU policy papers (on Growth and Jobs, EU Transport policy, cohesion policy and cities, EU charter on SMEs and Social inclusion) are mentioned as well as the manner they will be answered by the ROP.
- Also the so-called horizontal objectives on sustainable development, equal opportunities and information society are reasonably mentioned. But also other EU regulations for competition / state aid and public procurement.
- Especially the proposed priority axes 2, 4 and 5 will directly contribute to realisation of the main EU objectives for equal opportunities, while the other priority axes have the potential to do so. This is certainly the case if the concept of equal opportunities is explained in the broader sense that these opportunities are offered from a gender as well as from a social point of view.
- To complementariness of the ROP with other operational programme is sufficiently proved. It is recommended, however, to articulate this also strongly in the selection criteria of the programme complement by offering higher priority to project in which this complementariness has been demonstrated.
- Provisions in the Programme Complement should be made to guarantee and monitor positive or neutral effects of the proposed interventions on the environment.
- The environmental monitoring programme has to be finalized in coordination of the environmental authorities and be reflected in the relevant manuals and/or regulations as well.
- The existing instruments for spatial planning in Romania will for the longer term not be efficient enough to reach the overall objective of the ROP for a “sustainable balanced economic and social development of the Romanian Regions”.

## 5 Evaluation of expected results and impact

### 5.1 Quantification of objectives at programme and priority level

The **overall objective** of the programme is to "*support and promote a sustainable balanced economic and social development of the Romania Regions, giving priority to the lagging behind ones*".

At the programme level no quantified objectives have been proposed. It will be difficult to define this impact in quantitative terms for the program as a whole and for the regions in particular. On the basis of an analysis made on the EU accession effects on the basis of an Multi-regional I-O Model<sup>1</sup> it was in 2005 concluded that – taking the financial package for 2007 – 2009 into account – the EU accession for Romania will lead large positive effects, which will – however- varying strongly from region to region depending on the division of the available resources among the regions. For this analysis the presumption was made that the available resources will be strongly focused on the regions most lagging behind. In reality this will not be the case because the proposals for the division of the money are much less focusing and the absorption capacities of the regions could be strongly restricted by financial, administrative and technical bottle-necks.

Besides one should take into account that – apart from the business related interventions in the ROP (priorities 3, 4 and 5) – not so much sustainable job creation is directly to be expected from most of the other the programme activities. Taking this into account, on the basis of a rough estimation the average annual growth of GDP per capita to be attained through the ROP could be between 4 and 7%, while the total number of new jobs is estimated on 15,000 in total.

The **specific objectives** on Priority Axis level are as follows formulated:

*Priority Axis 1 on Transport Infrastructure* aims "to foster sustainable economic development and the mobility of the regional population and labour force, to increase the accessibility and the attractiveness of the Regions', by improving transport infrastructure".

*Priority Axis 2 on Social Infrastructure* aims "to create premises, for better access of the population to essential services, contributing to the achievement of the European objective of economic and social cohesion, by improving infrastructure for health, education, social and public safety in emergency situations".

*Priority Axis 3 on Strengthening the Regional and Local Business Environment* aims "to facilitate regional and local sustainable economic growth and job creation by setting up and developing regional and local business structures, rehabilitating abandoned industrial sites, and supporting regional and local entrepreneurial initiatives".

<sup>1</sup> Analysis EU Accession Effects in Romania By Multiregional I-O Model. By Andrea Bonfiglio from the Università Politecnica delle Marche (Ancona, Italy) (Febr.2005)

*Priority Axis 4 on Sustainable Development of Tourism* aims mainly "to increase the regions' attractiveness, develop the local economies and create new jobs by sustainable valorisation of the cultural heritage and natural resources with tourism potential, as well as improving the quality of accommodation and leisure tourist infrastructure".

*Priority Axis 5 on Support of sustainable Urban Development* aims "to regenerate and revitalize the towns and cities with economic growth potential, in order to increase the role of urban centres in regional and local economic development, by rehabilitating infrastructure and improving services, as well as by developing business support structures and entrepreneurship".

On impact level these objectives are mainly qualitatively explained. For the operational programmes the European Commission doesn't expect these impact indicators. Output and result indicators have been defined and quantified. They will be discussed in the next paragraph. With the exception of the priority axis on social infrastructure, per axis no further operational objectives have been formulated and quantified on priority level. This situation can be understood because of the quite diversity of interventions proposed for the improvement of the social infrastructure in the Romanian regions.

## 5.2 Evaluation of the expected results

### 5.2.1 Indicators and expected outputs and results

In the following chapter quantified outputs and results are assessed. The evaluation does address the original indicators and quantification in the second programme draft. The additional suggestions made by the ad-hoc expert on indicators will be involved in this analysis as well.

Due to the fact that for Romania as a new EU member country, no forerunner programmes do exist on the basis of which possible quantifications can be determined. Only for interventions proposed for Priority Axis 3 on business environment some data for bench marking could be available. According to the expert for the indicator system just this has been done. Therefore we assume the ex-ante quantifications to be plausible in general.

## PRIORITY AXES

### Priority axis 1: Improvement of regional and local transport infrastructure

Indicator	Unit	Baseline	Baseline Year	Source	Target (2013)
<b>Output</b>					
Length of rehabilitated / modernized county road	Km	-	2004	SMIS	
Rehabilitated / modernized regional airports	No of projects	-	-	SMIS	2
Rehabilitated/modernized regional ports (non TEN)	No of projects	-	-	SMIS	2



Result					
Reducing the transport time on the rehabilitated roads	Minutes	-	-	Field surveys	
Reducing the number of road accidents	No.	4613	2004	Romanian Police	

Although not all quantified yet, the proposed indicators for Priority Axis 1 as such are justified. The transmission from the output to the result indicators is implicitly visible. In the opinion of the evaluator for future assessments of the ROPs effectiveness, it would be worthwhile to add some additional results indicators (for instance those related to the increase of passenger and freight traffic on the roads, airports and ports).

#### Priority axis 2: Improvement of social infrastructure

Indicator	Unit	Baseline	Baseline Year	Source	Target (2013)
<b>Output</b>					
Rehabilitated/equipped health care units	No.	-	-	Programme Monitoring/ ROP/SMIS	-
Rehabilitated/equipped social services centres	No.	-	-	Programme Monitoring/ ROP/SMIS	270
Mobile units equipped for emergency interventions	No.	-	-	Programme Monitoring/ ROP/SMIS	510
Modernized, equipped and extended pre-university education centres and campuses	No.	-	-	Programme Monitoring/ ROP/SMIS	400
Rehabilitated /equipped centres for continuous training	No.	-	-	Programme Monitoring/ ROP/SMIS	26
<b>Result</b>					
Average response time of mobile units	Min.	Up to 30' – 45' in rural area Up to 20' in urban area	2005	Programme Monitoring/ ROP/SMIS Surveys	Up to 12' in rural area Up to 8' in urban area
Users of financed infrastructure by type (health, education)	Nr.	-	-	Programme Monitoring/ ROP/SMIS	

Indicator	Unit	Baseline	Baseline Year	Source	Target (2013)
School participation rate of pupils until the age of 18 in the supported education centres	%	63.5	2004/2005	National Statistics Institute / Ministry of Education and Research/ Evaluation reports/ Surveys / Census	65

All the indicators proposed for Priority Axis 2 are justified and the transmission from the output to the result indicators is implicitly visible. No target has been given for the total output concerning health care units. From the evaluation team it is – for future effectiveness assessment – suggested to replace the result indicator on users of facilities by the following results indicators:

Indicator	Unit	Baseline	Baseline Year	Source	Target (2013)
Users of supported health care units	No	-	-	Surveys	?
Increase of users of social services centres	%	-	-	Surveys	15
Pupils with access to adequate IT equipment (coverage rate)	% of total pupils	-	-	Ministry of Education and Research/ Surveys	70
Increase of participants in CVT	%	-	-	Ministry of Education and Research/ Surveys	15

### Priority Axis 3: Strengthening the regional and local business environment

Programme indicators	Unit	Baseline	Baseline Year	Source	Target (2013)
<b>OUTPUT</b>					
Business structures set up/ supported	No	-	-	ROP – SMIS Monitoring reports	11
Industrial sites supported	No	-	-	ROP – SMIS Monitoring reports	8
Micro- enterprises supported	No	-	-	ROP Monitoring Reports / SMIS	500

<b>RESULT</b>					
Occupation rate in business structures after 2 years since the project was finalised	%			Evaluation reports / Surveys	50
New jobs created in the supported business structures	No of employees	-	-	Evaluation reports /on the spot investigations	4,000
New jobs created in the supported micro-enterprises	No	-	-	Field surveys / Evaluation reports	3,000

All the indicators proposed for Priority Axis 3 are justified and the transmission from the output to the result indicators is implicitly visible. The following remarks should be made:

- In the opinion of the evaluator should investments in business support structures and rehabilitated industrial areas and investments in micro-enterprises be considered as results instead of outputs;
- As output indicator should be added the number of micro-enterprises supported by the programme.

#### **Priority Axis 4: Development of regional and local tourism**

<b>Indicator</b>	<b>Unit</b>	<b>Baseline</b>	<b>Baseline Year</b>	<b>Source</b>	<b>Target (2013)</b>
<b>Output</b>					
Tourism development projects implemented	No.			ROP Monitoring / SMIS	300
Companies supported in tourism field	No			ROP Monitoring / SMIS	1400
<b>Result</b>					
Increase of tourists number	%.	5,8	2005 (total / national)	NIS	+15%
Increase of overnight stays	%	18,4	2005 (total / national)	NIS	+5%

All the indicators proposed for Priority Axis 4 are justified and the transmission from the output to the result indicators is implicitly visible. The evaluator recommends splitting the output indicator concerning companies supported in the tourism field into companies supported:

- for interventions in the field of cultural and national related infrastructure and
- for interventions for rehabilitation, modernization and extension of accommodation structures and related utilities.

**Priority Axis 5: Support of sustainable urban development**

Indicator	Unit	Baseline	Baseline Year	Source	Target (2013)
<b>Output</b>					
Implemented integrated urban development strategy projects	No			Programme Monitoring ROP / SMIS	40
<b>Result</b>					
Inhabitants benefiting from the implementation of urban development strategies  thereof: women and men young people minorities	No	-		Programme Monitoring ROP / SMIS / Census	800,000
Companies benefiting from promotion of business support structures and entrepreneurship	No	-		Programme Monitoring ROP / SMIS	1000
Jobs created in urban action zones, by gender	No	-		Programme Monitoring ROP / SMIS	3,000

**Priority Axis 6: Technical assistance to support ROP implementation**

The rationale for the Technical Assistance priority is summarised by Article 44 of the proposal for a Council Regulation laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund, dedicated to Technical Assistance of the Member states, which states that:

“for each operational programme, the Funds may finance preparatory, management, monitoring, evaluation, information and control activities and activities to reinforce the administrative capacity for implementing the Funds”.

Key areas of intervention are:

- Support for the implementation, overall management and evaluation of the ROP
- Support for the publicity and information activities of the ROP

As regards priority axis 6 no indicators are specified. Since the activities of that Priority Axis are determined by the general regulation (monitoring, implementation, evaluation, communication) and operationally described in the draft regulation on implementation, indicators are not relevant here as the authorities responsible for planning and implementation just need to comply with European law.

### 5.3 Justification of the proposed policy mix

On the basis of the SWOT analysis and the proposed division of the available resources (see table 3) one can conclude that, if one compares the scores on the SWOT analysis in table 2 with the proposed division of the total available resources over the 5 priority axes, the **policy mix** offered for the implementation of the proposed strategy is completely justified. This conclusion is even more justified if one takes into account the positive effects that can be expected from the first two priority axes on the three other ones. It is also clear that most priority axes contribute also positively to the improvement of the business environment and – in somewhat lesser extent – on the development of tourism.

### 5.4 Overall conclusions expected results and impact

The following overall conclusions concerning the expected results and impact could be drawn:

- At the programme level no specific indicators were defined. It should be worthwhile still to make some prognoses for a number of indicators on for instance GDP/capita, job creation, increase of FDI and some growth rates on business investments and tourism development ( some suggestions were presented);
- On the priority axis level no impact indicators were defined on quantitative terms. Conform information received during the evaluation, quantification of impact indicators was not required by the European Commission;
- Although not in all cases quantified yet, the proposed indicators for the Priority Axes as such are justified. The transmission from the output to the result indicators is implicitly visible;
- In the opinion of the evaluator, for future assessments of the ROP's effectiveness, it would be worthwhile to add some additional results indicators for a number of priority axes;
- Taking the SWOT conclusions and the proposed division of the available resources over the priority axes into account, the policy mix proposed for the implementation of the proposed strategy is completely justified.

## 6 Appraisal of the implementation system

### 6.1 Introduction

This component of the ex-ante evaluation should provide the grounds for demonstrating how and why the monitoring and evaluation of the programme will represent an improvement on future structural funds interventions through the National Strategic Reference Framework (NSRF) and the Operational Programmes (O.P.s). The quality of the implementation and monitoring arrangements determines the ultimate efficiency of the Operational Programmes and their Programme Complements. These arrangements should be assessed in the light of their contribution to a smooth implementation process taking into account the EU principle of transparency and *partnership*.

The ex-ante evaluation has to address the quality of the implementation, delivery, monitoring and evaluation arrangements envisaged and assist the responsible authorities in identifying the improvements needed. This part of the evaluation should of course also take into account the role of the O.P.s within the overall implementation and the coordination of the National Development Plan and NSRF.

For this appraisal of the implementation system the following questions were considered during the execution of this task:

- Will the proposed delivery system contribute to a sound and efficient management and monitoring of the activities of the O.P.s?
- How competitive and transparent are the procedures for the selection of projects/plan activities?
- How is the division of work between Monitoring Committee, the Management Authority and the proposed intermediary bodies (for instance at the regional level)
- Are the control and audit measures in line with the requirements of national and community regulations?
- Are effective monitoring and appraisal systems set in place?
- Have all the institutions involved been selected?
- Is there sound legislative background to the institutional structure, division of responsibilities related to the implementation of the SA funds?
- Have the rules of procedures been set for all procedures?
- Is adequate staff in place and trained?
- Is there an IT system in place to support the monitoring and evaluation?
- Which risks and bottle-necks could be expected during the implementation of the O.P.s?
- Which measures are taken to guarantee the involvement of the relevant and responsible parties, including social-economic, regional and local partners, in the preparation and implementation of the O.P.s in conformity with the EU practices?
- To which extent are equal opportunity and environmental bodies involved in the implementation and monitoring systems of the O.P.s?

## 6.2 Management

### 6.2.1 Delivery system

In paragraph 5.1.2. The main tasks of the MA ROP and Intermediate Bodies (IBs) are summed up comprehensively. The scope of tasks entrusted to the Managing Authority is fully in compliance to the Regulation 1083/2006 Article 60. Likewise the tasks of the intermediate bodies are completely described. On regional level also Regional Committees for Strategic Assessment (Comitetului de Monitoare al POR (CRES)) will be set up with the task to evaluate projects applications from the strategic point of view. They should assess if the proposed projects answers the ROP objectives as well as the regional development strategies. An important other task of these committees is to ensure the correlation of the projects with those of the sectoral operational programmes, the national programme for rural developments as well the objectives of the European territorial cooperation (objective 3 programmes). Basic principles for the work of these committees are transparency and partnership. The criteria for selection and nomination of their members will be approved by the ROP Monitoring Committee on basis of a proposal from the MA ROP.

These implementation tasks as described in the ROP can be assessed as very important and decisive for a smooth implementation process that leads to absorption of the available resources before the end of 2013. It is known that within MEI and the RDA's already experience with the management and implementation of EU funding (phare) does exist, but at a much lower financial level as they will be confronted with in the coming years. To assess the opportunity for the MA ROP and the IBs (RDAs) to raise this challenge an answer on the following questions – already in this phase of the planning process - is feasible:

- Are the capacities available in the MA ROP and RDAs sufficient to accept this challenge?
- If not yet, what measures are taken to prepare the MA ROP and IBs in time to take responsibility to implement their tasks as foreseen in the ROP?
- Is already an organisation in place and are training plans developed to fulfil these tasks as soon as the ROP become operational?
- Are these plans coordinated or is each RDA responsible for their own implementation tasks?
- From which of the proposed Priority Axes can a smooth implementation be expected and which ones can be considered as problematic?

On the basis of interviews with MA ROP, a number of RDA's (South, North-West and Bucharest-Ilfov) and a survey among potential stakeholders at local and regional level, the following answers could be formulated:

- Taking the extent of the new tasks into account the capacities of the MA ROP as well as of those from the RDAs have to be strongly increased. According to a scheme from June 2006 the present capacity from 162 to 259 employees with ca. 60% for MA ROP, while the capacity of all RDAs is extended with ca 11% from 363 to 403 employees;
- So, the MA ROP and most of the RDAs started to analyse their expected work load, but they also analysed the training needs to prepare the new staff for their future tasks. The RDAs informed the MA ROP on their needs on the basis of which the latter made a plan for future training activities. Also training programmes will

be set up to prepare the Monitoring Committee members for their future tasks, but also potential and actual beneficiaries will be offered opportunity for training;

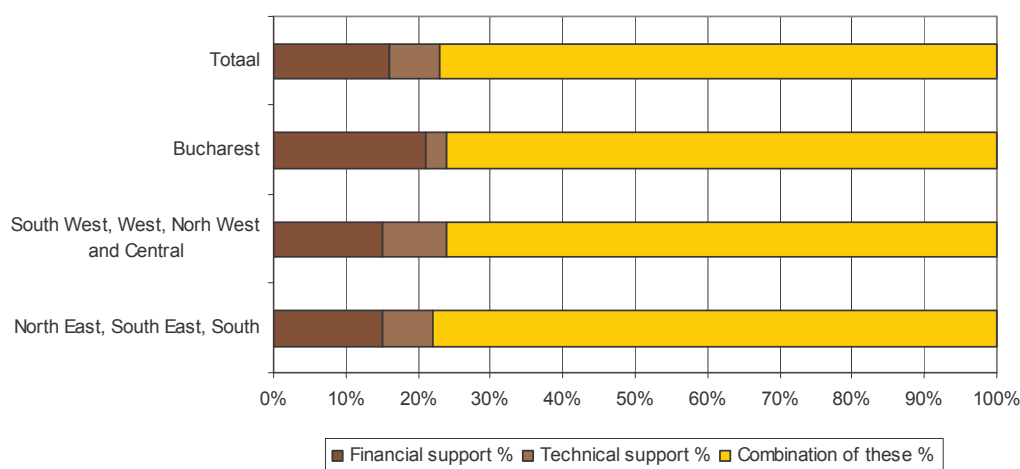
- From the priority axes proposed most bottle-necks in the implementation could be expected for those interventions which ask for rather intensive technical inputs.

For the execution of their tasks framework contracts (accord cadru) will be made between the MA ROP and the RDAs. These framework contracts regulate the responsibilities and the tasks attributed to the intermediate bodies. One of the tasks attributed to the RDAs is to execute secretarial task for the CRES.

During this evaluation a survey among actual and potential stakeholders in the regions had been held with some questions related to the future implementation of the ROP. These questions had been linked to possible bottle-necks during the implementation and the needs to overcome them. The following table is demonstrating the expected bottle-necks with the regional stakeholders:

	North East, South East, South	South West, West, North West and Central	Bucharest - Ilfov	Total
	Sum	Sum	Sum	Sum
Uncertainty of co-financing	57%	58%	59%	58%
Lack of administrative capacity	49%	50%	47%	49%
Lack of technical capacity	52%	50%	46%	50%
Lack of capacity for implementing projects	42%	44%	48%	44%
Difficulties in obtaining necessary environmental assessments/permits	43%	44%	51%	45%

The respondents could indicate more than one possible bottle-neck. From the table it is clear that in all regions problems concerning co-financing are expected (almost 60%), while all other bottle-necks score in average between 42% and 52%. Therefore it is not surprising that the following need for support is demonstrated (see Graph):

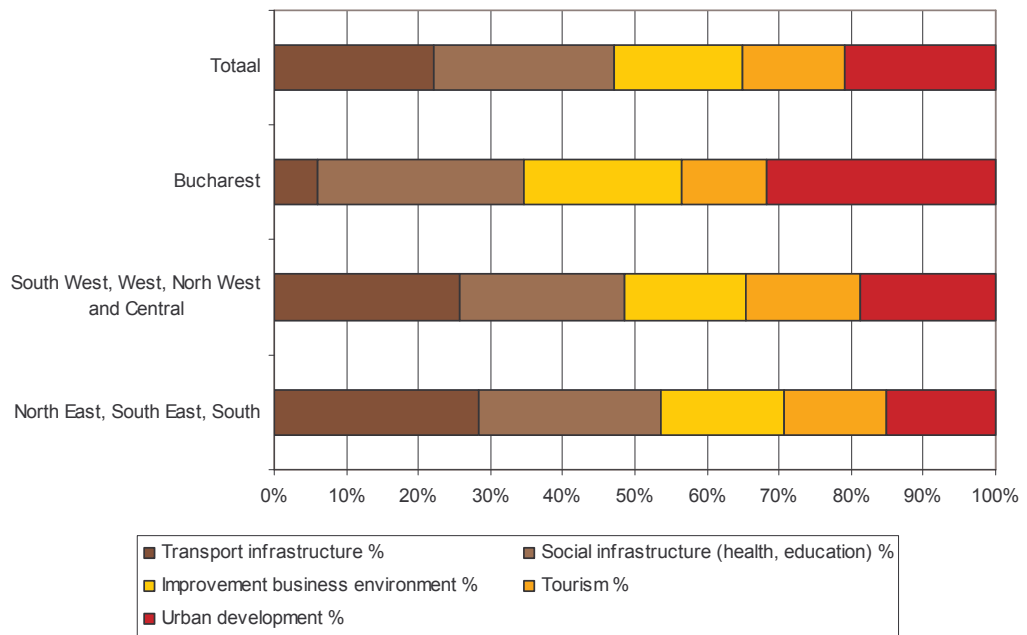




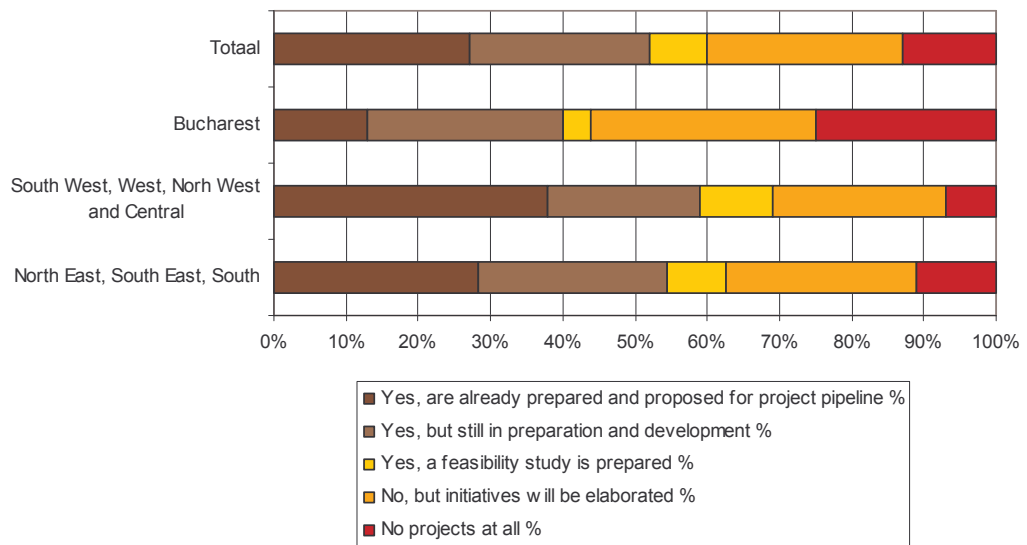
## 6.2.2 Preparedness and particular interests

Another interesting outcome of this survey is the level of preparedness of the development regions to anticipate on the opportunities offered by the programme and their interest for specific priority axes.

Firstly the interest of the development regions for particular priority axes is demonstrated. With the exception of Bucharest all other regions expect to spend around 50 % in infrastructure (a little bit more on transport than on social infrastructure). Interventions in business environment and urban development or more or less equally prioritised. Of course, Bucharest-Ilfov region put the highest prioritisation on the urban development issues (see next graph).



Concerning the preparedness of the development regions for EU Funding the next graph gives some interesting indications. In average almost 30 % of the respondents indicate to have already prepared and proposed projects for the pipeline. Another 25 % indicates to be in a process of preparation and development of projects, while about 7% started the preparation of feasibility studies. Remarkable is that project preparations in the Bucharest-Ilfov region seem to be less progressed (see next graph).



### 6.2.3 Conclusions concerning management issues

From above analysis, the information collected during the interviews with representative of the MA and a number of RDAs plus some outcomes of the survey the following conclusions can be drawn:

- If the proposed extension of staff is realised and the training tasks are executed in time, is expected that the proposed delivery system will contribute to a sound and efficient management and monitoring of the activities of the R.O.P...
- The proposed procedures for the selection of projects/plans seem to be competitive and transparent enough. One and another should be further developed through the Programme Complement. From the interviews with the RDAs it became, however, clear that on regional level uncertainty does exist about the role that the Regional Development Boards will play in the selection and decision procedures. This concerns especially the regional representation in the CRES, which should in the opinion of the regions at least be equal to the representation in the CRES of national authorities;
- If taking the concern of the regions on above mentioned issue into account, the division of work between Monitoring Committee, the Management Authority and the proposed intermediary bodies seem to be reasonable;
- With a different level of progress in most development regions already clear ideas on priorities and potential project initiatives do exist. This could be considered a quite promising.

### 6.3 Monitoring

In line with the requirements of Article 63 of Council Regulation (EC) No. 1083/2006 a *Programme Monitoring Committee will be established for the Regional Operational Programme* within 3 months of the date of the notification of the decision approving the operational programme by the European Commission.

The role of the PMC will be to satisfy itself as to the effectiveness and quality of the implementation of the operational programme by carrying out the tasks set out in Article 65

of Council Regulation (EC) No. 1083/2006 and the arrangements for monitoring set out in Article 66. The ROP PMC will be chaired by the *Head of the ROP Managing Authority* and the MA will provide the secretariat for the PMC.

The following remarks concerning monitoring related issues should be made:

- The list of members of the Monitoring Committee is quite extensive with – taking the regional orientation of this O.P. into account - a rather high representation from central authorities. Besides, representations from other bodies – as for instance for ‘horizontal issues’, ‘relevant socio-economic partners’ and of ‘relevant associations’ is kept rather vague. Some more concreteness concerning these representations already in this stage should be advisable.
- In the programme draft the information on the computerised exchange of data is insufficient. First of all it should be described whether and if yes how the SMIS is connected with SFC 2007 (interface). It is not sufficient just to say that there will be a computerised exchange of data with the European Commission. Very important is the description of information recorded by the system in place (according to the Regulation on Implementation).
- Regarding the selection process application forms/procedures are standardised among all programmes according to the origin of funding (Cohesion Fund, ERDF, ESF): Forms or criteria are to be geared towards the programme indicators and their quantification. In the application forms the project indicators are to be individually determined from the programme indicators. This is very important and makes it possible to monitor ex-ante programme objectives and those summed up from the applications.

#### 6.4 Evaluation

In accordance with *Articles 47, 48 and 49 of Council Regulation (EC) No. 1083/2006*, three main types of evaluations will be carried out:

- Ex-ante evaluation
- Ongoing evaluations
- Ex-post evaluation.

*Ex-ante evaluation* - For the programming period 2007-2013 the ex-ante evaluation is carried out by an external evaluator (*a single contractor*) for each OP.

*Ongoing evaluations* will be carried out during the period of implementation of the ROP and shall be of three types – *a) interim, b) ad hoc and c) with horizontal themes*, as follows, which are extensively described in paragraph 5.2.4. of the ROP.

*Ex-post evaluations* shall be carried out by the Commission, for each objective, in close cooperation with the Member State and Managing Authorities, in compliance with the provisions of *Article 49 of Council Regulation (EC) No. 1083/2006*.

Two interim evaluations of the ROP are proposed:

- 1) The first interim evaluation will examine progress to date in implementing the ROP, looking particularly at issues such as management of the programme, whereas. This evaluation should be carried out at the end of 2009 or beginning of 2010, while

- 2) the second interim evaluation will focus more on priorities, looking towards the next programming period and is planned for 2012.

Possible themes for the *ad-hoc* or *cross-cutting evaluations*) are extensively mentioned in the ROP, as well as the division of work between the central evaluation unit from the MA CSF and the decentralised units in the other M.A.s. The evaluation unit of the MA ROP will draft an evaluation plan for the coming programme period. For each evaluation a Steering Committee will be established.

The actions proposed for the future evaluation activities can be fully endorsed. The evaluator would, however, like to recommend to execute already an interim evaluation after the first year of implementation. This evaluation should especially focus on implementation and process issues. During the first year of implementation already enough lessons are learned to take appropriate measures to make the implementation system more efficient. Romania as a new member country has not yet sufficient experience with programme implementation and the implementation structure is complex and vulnerable. It is also recommended to establish a steering committee for the evaluation procedures.

## 6.5 Financial management and control

The financial management and control arrangements are comprehensively described and financial flows have been made visible through a flowchart. The proposed arrangements will be carried out according to the Council Regulation (EC) No 1083/2006 in which the requirements for management and control are set out in detail. They concern the verifications of activities and expenditures, the certifying authority and the competent body for payments as well as the flows of the funds. Also all requirements concerning the identification and reporting of irregularities, the Audit Authority and the different audit levels and their attributions are explained.

## 6.6 Overall conclusions on the implementation system

In general, the implementation system proposed for the ROP meets the requirements of the Regulation 1083/2006 (Articles 58 ff.). The different arrangements concerning the division of tasks between the MA ROP and the Intermediate Bodies (RDAs) are sufficiently settled. Special attention should be devoted to the realisation of a balanced representation of central and regional bodies in the Regional Committees for Strategic Assessment (CRES).

The composition of the Monitoring committee should be better described and defined including concrete designation of the institutions and the representatives. The respective representatives – probably the responsible programme manager - of all other OPs should be constituent members. Monitoring of the programme should be supported by consistent application forms. Forms or criteria are to be geared towards the programme indicators and their quantification. This makes it possible to monitor ex-ante programme objectives and those summed up from the applications.

The evaluation plan appears too strict. For the programme a permanently assigned evaluator (or group of evaluators) should carry out a genuine ongoing evaluation. Two interim evaluations (2010 and 2012) can hardly protect the programme from failure (2010 could be too late). Romania as a new member country has not yet sufficient

experience with programme implementation and the implementation structure is complex and vulnerable. It is also recommended to establish a steering committee for the evaluation procedures.