

REGIO FROM PUBLIC SECTOR PERSPECTIVE IN NORTH-WEST OF ROMANIA

Anca DODESCU

Petru FILIP

Lavinia CHIRILĂ

Anca DODESCU

Professor, Department of Economics,
Faculty of Economic Sciences,
University of Oradea, Romania
Tel.: 0040-752-100.800
E-mail: adodescu@uoradea.ro

Petru FILIP

Professor, Department of Management and Marketing,
Faculty of Economic Sciences,
University of Oradea, Romania
Tel.: 0040-722-279.838
E-mail: pfilip@uoradea.ro

Lavinia CHIRILĂ

PhD, Direction of Regional Development,
Programmes and Projects,
Bihor County Council, Oradea, Romania
Tel: 0040-741-341.277
E-mail: lavinia.chirila@cjbihor.ro

Abstract

The aim of this article is to contribute to the theoretical evaluation of the EU Cohesion Policy 2007-2013 through a specific program – REGIO - Regional Operational Program (ROP) and a specific region – North-West Region of Romania (NWRR) and to identify the obstacles encountered by the beneficiaries from the public sector that lead to the weak absorption of ROP, in all areas of intervention: urban growth poles, transport infrastructure, social infrastructure, development of business environment, sustainable development and promotion of tourism. Our main concern was to analyze through quantitative and qualitative research the problems identified on the basis of the document analysis and secondary data research, at the level of 176 projects completed by 53 public sector beneficiaries, financed by ROP 2007-2013, in NWRR, until 31.01.2014. An on-line questionnaire was applied to the project managers, as well as an open structured interview which was applied to the legal representatives of project beneficiaries. We conclude that the most important obstacle for the public sector, especially for local public administration, is the public procurement process and that the encountered obstacles are outweighed by the advantages of projects with a positive influence on the intention to access EU regional funds in the next programming period.

Keywords: evaluation, EU Cohesion Policy 2007-2013, Regional Operational Programme (ROP) 2007-2013, North-West Region of Romania, public sector, public procurement.

1. Introduction

During the 2007-2013 period, the real absorption rate of the European Union's (EU) funds placed Romania in the 'below average performers' category of the Central and Eastern European countries alongside Hungary, Slovenia and Bulgaria (KPMG, 2011, p. 9). At the end of May 2014, with a real absorption rate of approximately 43%, Romania ranked as the last among the Member States, facing the risk of losing 'a large amount of funding because of not being able to complete programs by the end of 2015' (European Commission, 2014, p. 210). In September 2015, according to the European Parliament, Romania registered an absorption rate of 62%, which placed Romania on the last but one rank among the Member States in terms of absorption, being followed only by Croatia, whose situation as New Member State is, in this case, irrelevant (European Parliament, 2016). On 31 March 2016, the Romanian Ministry of European Funds (RMFE) reported a real absorption rate of 61.57% for the 2007-2013 programming period (RMEF, 2016).

In the general context of an alarming progress of the EU funds absorption in Romania, REGIO - Regional Operational Program (ROP) – one of the seven Operational Programs (OP) established for Romania in 2007-2013, and the only program managed at regional level, was the most advanced in terms of absorption until 31.01.2014. ROP had an absorption rate above average throughout the 2007-2013 programming period, almost double the average rate in 2012-2013. The absorption analysis for ROP shows a very slow progress between 2009 and 2010 – from 0.2% to 2.04%, an increase of about 10% in 2011 compared to 2010, the same for 2012 compared to 2011, and more than double at the end of 2013 compared to 2012 (RMEF, 2016; RMRDPA, 2014; RNIS, 2013). On 31.01.2014, the ROP absorption rate was 41.52% compared to 26.49% – the average absorption rate for structural funds in Romania (RMFE, 2016). This significant advance has decreased up to present. As RMFE shows, on 31 March 2016, the ROP real absorption rate for the 2007-2013 programming period was approximately 64.75%, with only about 3% higher than Romania's average absorption rate (RMEF, 2016).

In this context, the North-West Region of Romania (NWRR) reveals an absorption rate of 74.08% on 31.12.2015, ranking the second among Romania's regions, and also with the highest over-contracted ratio of 129.71%, as shown in the final evaluation report for the 2007-2013 programming period of the North-West Regional Development Agency (RNWRDA) from January 2016 (RNWRDA, 2016). Even more, the same report shows significant differences between the absorption rates specific to each area of intervention – 63.93% for urban growth poles, 79.53% for transport infrastructure, 74.29% for social infrastructure, 97.63% for development of business environment, and 55.66% for sustainable development and promotion of tourism (RNWRDA, 2016).

The main goal of the paper is to contribute with evidences to the theoretical evaluation of the EU Cohesion Policy 2007-2013 through the analysis of a specific program: REGIO - Regional Operational Programme (ROP), a specific region: North-West Region of Romania (NWRR) and a specific group of beneficiaries: public sector actors,

especially local public administration. Moreover, our contextual analysis aims to contribute to the regionalization debate in Romania and it is derived from a broader study looking at ROP experience as the first exercise of regionalization which can substantiate future steps in the Romanian regional decentralization process (Dodescu, 2013). On one hand, this perspective was inspired by the questions recommended by the European Commission (EC) for the theoretical evaluation of the EU Cohesion Policy 2007-2013, especially: 'Why some programs have worked better than others?' (EC, 2012). On the other hand, it was inspired by the classical principles of decentralization (Stigler's principles, Olson's principles, Oates's decentralization theory, etc.) and the regional decentralization scientific debate (the traditional fiscal federalism, New Public Management, Public Choice School and Institutional Economics, 'network governance' approach, etc.) according to which small groups with strong interests are more efficient in absorbing public funds (Majocchi, 2008; Eaton, Kaiser and Smoke, 2010; World Bank, 2011).

Our previous research on this topic addressed the ROP 2007-2013 areas of business environment and tourism and mainly private sector beneficiaries separately. We concluded that the strongest point of the ROP 2007-2013 in NWRR, in terms of absorption, is related to supporting the development of micro-enterprises because the beneficiaries from the private sector are the most receptive to the EU funding and ready to adapt to their challenging requirements. Even so, it's truly worrying that some of them declare that they do not want to access EU financing again. Bureaucracy stands on the first place in the hierarchy of obstacles faced by beneficiaries from the private sector, followed by financial and legislative issues (Dodescu and Chirila, 2014, 2013).

The data presented in this paper are both quantitative and qualitative and are focused on the public sector beneficiaries, in general, and local public administration, in particular, as well as on the obstacles encountered by these beneficiaries during the implementation of projects financed by the ROP 2007-2013 in all areas of intervention: urban growth poles, transport infrastructure, social infrastructure, business environment, sustainable development and promotion of tourism.

The paper is structured as follows: Section 2 provides an analysis of literature review dedicated to the evaluation of the regional policy focusing on the theoretical evaluation of the EU Cohesion Policy 2007-2013, Section 3 considers the research methodology used to address the research questions, Section 4 outlines the main findings of the research: document analysis and secondary data research findings, quantitative and qualitative research results, and Section 5 summarizes and concludes the paper.

2. Literature review

The development and improvement of evaluating methods of regional policy are major concerns of the EU, especially after the Eastern Enlargement. The DG for Regional Policy of the EC supports systematic efforts towards developing a comprehensive methodology for assessing regional policy, paying attention with priority to the

evaluation of EU Cohesion Policy (European Commission, 2013). The most frequent approach of regional policy evaluation is the interactive approach, which emphasizes the need to see evaluation as a continuous interactive process which takes place in stages both before (ex-ante evaluation), during (continuous monitoring or evaluation), and after the end of the project (ex-post evaluation) (Armstrong and Taylor, 2000, p. 364). For the 2007-2013 programming period, during our research, the EU Cohesion Policy was in a continuous monitoring or evaluation phase (ongoing evaluation), as it is necessary to measure the effects as they occur. The continuous evaluation relies heavily on the information obtained from the monitoring system, but also on the ex-ante evaluation and on information regarding the background and its development. It focuses primarily on the results of the program which is evaluated, on the impact of the projects at completion, producing feedback directly within the program (European Commission, 2013; Patton, 2002; Furubo, Rist and Sandhal, 2002; Nutley, Walter and Davies, 2002; Armstrong and Taylor, 2000). In order to evaluate the impact of a program beyond the indicators and quantifiable effects monitored at the level of management authorities, the most common methods of theoretical evaluation are: surveys of beneficiaries, interviews, case studies, realistic and participatory assessment (European Commission, 2013, 2012).

In Romania, the need for evidence about EU Cohesion Policy impact beyond indicators and quantifiable effects, particularly through surveys of beneficiaries and interviews with their representatives, is emphasized by the low performance in EU funds absorption. The general rules for evaluating OPs are provided by the European Council (EUC) Regulation no. 1083/2006, art. 36, 47-49, which states that ex-ante evaluation of the operational programs is the responsibility of the Member States, ex-post evaluation is the responsibility of the EC, and also that during the programming period Member States shall carry out ongoing evaluations linked to the monitoring of operational programs (EUC, 2006). Referring to the ongoing evaluation, art. 48 states that Member States 'may develop, where appropriate, under the Convergence objective, in accordance with the principle of proportionality set out in Article 13, an Evaluation Plan that specifies the indicative evaluation activities which the Member State intends to take in various stages of implementation' (EUC, 2006). Although the elaboration of such an Evaluation Plan is not mandatory, we notice the existence of an example of good practice in the management of evaluation – The Multiannual ROP 2007-2013 Evaluation Plan (MC ROP, 2008a, 2008b; RMDRAP, 2014).

3. Research methodology

The main research question addressed in this paper is: 'Which are the obstacles faced by the public sector beneficiaries that lead to ROP 2007-2013 weak absorption?'. The main question is derived from EC audit (RNWRDA internal data, 2014), revealing that the most important difficulties experienced by public sector beneficiaries in the implementation of ROP 2007-2013, which, moreover, have negatively affected the relatively good performance of the program, are related to the public procure-

ment process. The serious malfunctions of the management and control system of public procurement – notified by EC audit – have generated an interruption of ROP 2007-2013 payments from June to December 2011 (RMRDPA, 2014; RNWRDA internal data, 2014). The EC considered that the implementation of structural funds in Romania is threatened by ‘a systemic problem in the public procurement process’ (RMRDPA, 2014; RNWRDA internal data, 2014). As a result, the EC urged Romanian authorities to review the public procurement system so that it can prove that the management and control system is safe and all required payments are legal and regular. In December 2011, payments were resumed on a provisional basis, which meant that the system was not completely effective and was granted a new term – the end of June 2012, for total remediation of management shortcomings and control system so that the correctness of payments is guaranteed (RMRDPA, 2014; RNWRDA internal data, 2014).

The research objectives of the paper are: (1) to analyze the most important and specific aspects of ROP 2007-2013 implementation in NWRR with a focus on the projects contracted and completed by the public sector beneficiaries until 31.01.2014; (2) to identify and analyze the obstacles encountered by the beneficiaries from the public sector, especially local public administration, that lead to ROP weak absorption with a focus on the public procurement process; (3) to identify the public sector beneficiaries’ intention to access EU regional funds in the next programming period considering the advantages and obstacles encountered in the implementation of projects.

In connection with research objectives, the following hypotheses were tested:

H1: The public procurement process occupies the first place in the hierarchy of obstacles faced by beneficiaries from the public sector during ROP 2007-2013 project implementation in the NWRR that lead to ROP weak absorption;

H2: Public sector beneficiaries of ROP 2007-2013 projects in the NWRR consider that the advantages of projects are outweighed by the obstacles encountered and they do not intend to access EU regional funds in the next programming period.

Our research approach was divided into three levels. Firstly, we analyzed the information provided by official databases of the EC, RMEF, Romanian Ministry of Regional Development and Public Administration (RMRDPA), national and regional programming documents, RNWRDA public and internal data and opinions of distinguished scholars in the field of regional policy evaluation. In this context, we have identified the projects contracted and completed by the public sector beneficiaries, financed by ROP 2007-2013, in NWRR, on each priority axis and major domain of intervention, until 31.01.2014, and all available information about these projects (location, beneficiary, total value, objectives, activities, results, indicators achieved, problems in implementation, delays etc.). We have identified from the total number of 304 completed projects financed by ROP 2007-2013, in NWRR, until 31.01.2014, 176 projects that have been implemented by the public sector, and a total number of 53 beneficiaries from the public sector. It is a limiting factor of our research that ROP 2007-2013

has not been completely finalized yet (the projects should have been finalized by the end of 2015), but we consider our findings as a useful feedback for the next programming period and for on-going regional decentralization process in Romania.

Secondly, we conducted the quantitative and qualitative research by conceiving and applying an on-line questionnaire to the project managers as well as applying an open structured interview to the legal representatives of project beneficiaries. Quantitative data was used to discover the structural funds access behavior of our particular group of beneficiaries, program and region, and to establish the hierarchy of obstacles encountered by beneficiaries during project implementation, the consequences of these obstacles, advantages and accomplishments of the implemented projects and the aspects that beneficiaries would improve in the implementation process. Qualitative data was particularly useful to find out why public sector beneficiaries engage in such behavior.

The on-line questionnaire addressed information on the public sector beneficiary organization, project/projects implemented through ROP and impact of the project/projects. The on-line questionnaire was sent to be filled in by every ROP funding beneficiary from public sector in the NWRP previously identified – the total population was formed of 53 beneficiaries who have implemented a total number of 176 projects. Data collection was done during February-July 2014. For the entire program, the size of the sample was set at 34 beneficiaries, with a representation error limit of 10%. Data collection was followed by data processing using the SPSS software.

The interview addressed information regarding general data about the respondents, the main advantages of project implementation and their results, the main obstacles encountered and their effects on the implementation process, the impact of the projects implemented at local level, while the last part comprised questions regarding the future programming period, the main domains that ROP should address and their plans for future projects. The interviews were conducted with 18 legal representatives of public sector beneficiaries from NWRP, out of which 17 from local public administration (13 mayors and 4 county council presidents). Finally, we focused on these 18 beneficiaries and their ROP projects as specific examples – in order to present specific situations and to distinguish more clearly between different obstacles as well as different advantages and accomplishments of the implemented projects and their impact on the intention to access EU regional funds in the next programming period.

4. Main findings

4.1. Document analysis and secondary data research findings

On the basis of the information provided by the ongoing evaluation process conducted by the EC, official databases, programming documents, evaluation reports of RMRDPA and RNWRDA, RNWRDA internal data, we have identified a total number of 304 completed projects financed by ROP 2007-2013, in NWRP, until 31.01.2014 (as shown in Table 1), and we have analyzed all available information about those 176 projects that have been implemented by the public sector (53 beneficiaries). The aim

of our analysis was to distinguish regional particularities of program implementation in national context as well as implementation problems for public sector beneficiaries beyond problems of the program itself.

According to the official data, the weaknesses of ROP at national level are: growth poles, polluted industrial sites and tourism promotion, being 'uncovered' by project proposals: PA 1 (considered of strategic importance because it lies at the basis of regional and local development strategies for the next period) and MID 4.2. (except Western and Central Regions) and MID 5.3. There are some logical explanations for ROP weaknesses pertaining to the program itself: the lack of real competition between potential beneficiaries and the absence of the necessary expertise both regionally and locally for the elaboration of development strategies, mobility master plans, portfolios of integrated projects for PA 1; the difficulty of the eligibility criteria for MID 4.2.; the national allocation beyond the strictly regional involvement for MID 5.3.; the absence of the necessary expertise for MID 1.1; the 'first come, first served' principle in project selection, unsuitable eligibility criteria with regional needs, the impossibility to achieve the indicator regarding job creation for public institutions – due to restrictive national regulations, etc. (ROP MC, 2012; RMRDPA, 2014; NWRDA internal data, 2014).

At 31.01.2014, seen in national context, the weaknesses of the NWRR are related to major difficulties in the field of regional and local transport infrastructure, in general, and in county roads, in particular; also, for projects of social infrastructure, in general, operational bases for emergency interventions, campuses of vocational and technical training centers, in particular. While at national level, the projects that finance the county roads have attracted the biggest part of the funds (urban streets and ring roads have not determined a high interest) with an approximately 130% over-contracted ratio, NWRR registered the least number of projects. As well, while at the national level, the degree of over-contraction on health services infrastructure was about 120%, and a great demand to supplement the budget for education infrastructure and/or redistribute the budget allocated to the operational units for emergency situations was registered, NWRR being ranked second to last, with a total number of 79 contracted projects. What is surprising is the low number of projects for health facilities (only 2 hospitals and 10 ambulatories), operational bases for emergency situation interventions (only 2), university campuses (only 2), and the lack of projects supporting the rehabilitation or construction of campuses for vocational and technical education and vocational training centers. In the field of tourism infrastructure, despite its tourism potential, the NWRR is positioned on the second last place with a total of 19 projects contracted (except MID 5.3), followed only by Bucharest-Ilfov Region.

Instead, at 31.01.2014, the strengths of the NWRR are related with the substantial overcoming of indicators on supporting micro-enterprises. With a total number of 258 projects (10 business support structures and 248 micro-enterprises supported), the NWRR is exceeded on this axis only by South-Muntenia Region (ROP MC, 2012; RMRDPA, 2014; NWRDA internal data, 2014).

Table 1. The situation of ROP 2007-2013 contracted projects – NWRR, at 31.01.2014

Priority axis (PA) and Major intervention domains (MID)	Beneficiaries	FEDR Financial allocation (mil. euro)	Applied projects (number of projects)	Contracted projects (number of projects)	Completed projects (number of projects)	Absorption Rate (%)
1.Supporting the sustainable development of cities – potential growth poles 1.1. Integrated urban development plans 1.2. Thermic rehabilitation ¹	Exclusively representatives of the public sector for the MID 1.1. and the territorial administrative units in partnership with the owners associations for the MID 1.2.	164.82	138 , as follows: 24 growth pole, 34 poles of urban development, 49 urban centers, 31 projects of thermic rehabilitation	92 , as follows: 20 growth pole, 19 poles of urban development, 31 urban centers, 22 projects of thermic rehabilitation	22 , as follows: 3 growth pole, 0 poles of urban development, 19 urban centers, 0 projects of thermic rehabilitation	30.78
2. Improvement of regional and local transport infrastructure 2.1. Improvement of regional and local transport infrastructure	Exclusively public sector representatives	103.87	23	11	6	61.87
3. Improving social infrastructure 3.1. Rehabilitation/modernization/equipping of the health services; 3.2. Rehabilitation/modernization/development and equipping of social services; 3.3. Improving the operational equipment of the interventions bases for emergency situations; 3.4. Rehabilitation/modernization/development and equipping of pre-university, university and vocational training infrastructure for continuous education	Mainly representatives of the public sector	83.55	178 , as follows: 22 health infrastructures; 55 social services infrastructure; 3 operational basis for emergency interventions; 98 educational infrastructures	79 , as follows: 12 health infrastructures; 26 social services infrastructure; 2 operational basis for emergency interventions; 39 educational infrastructures	54 , as follows: 7 health infrastructures; 17 social services infrastructure; 1 operational basis for emergency interventions; 29 educational infrastructures	55.28
4.Supporting the development of regional and local business environment 4.1. Sustainable development of business support structures of regional and local importance; 4.2. Rehabilitation of unused and polluted industrial sites and preparation for new activities; 4.3. Supporting the development of micro-enterprises	Almost exclusively the private sector, except from the MID 4.1., where the beneficiaries can be public authorities too, especially for creating business parks and other related business infrastructures	70.80	775 , as follows: 42 business support structures; 0 polluted industrial sites rehabilitated; 733micro-enterprises supported	258 , as follows: 10 business support structures; 0 polluted industrial sites rehabilitated; 248micro-enterprises supported	213 , as follows: 3 business support structures; 0 polluted industrial sites rehabilitated; 210micro-enterprises supported	44.21
5.Sustainable development and promotion of tourism 5.1. Restoration and sustainable valuation of cultural heritage and the creation/modernization of related infrastructure; 5.2. Creation/development/ modernization of infrastructure for sustainable exploitation of natural resources and for the improvement of the quality of tourism services; 5.3. Promoting tourism potential and creating the necessary infrastructure to increase Romania's attractiveness as a tourist destination	Both the private and public sector, the local public administration could apply for the MID 5.1. and MID 5.3.	65.59	45 , as follows: 21 restoration and sustainable valuation of cultural heritage; 24 rehabilitated tourism infrastructures	19 , as follows: 11 restoration and sustainable valuation of cultural heritage; 8 rehabilitated tourism infrastructures	9 , as follows: 4 restoration and sustainable valuation of cultural heritage; 5 rehabilitated tourism infrastructures.	35.45
Total		488.63	1,159	459	304	44.15

¹ Introduced during the actual programming period with the support of JASPERS experts, as a result of the ongoing evaluation process; the energy efficiency scheme is national, has no regional allocation, but is developed through RDAs.

Source: Processed by the authors (RNWRDA internal data, 2014)

We summarized in Table 2 the implementation problems at regional level of each priority axis of ROP 2007-2013 at 31.01.2014, beyond problems of the program itself, as it results from the ongoing evaluation process conducted by the EC in relation with our document and secondary data analysis.

Table 2: The implementation problems of ROP 2007-2013 – NWRR, at 31.01.2014

Area of intervention (PA)	Implementation problems
1. Urban growth poles	<ul style="list-style-type: none"> - lack of expertise, both at regional and local level for the elaboration of development strategies and, especially, of the mobility master-plan and of some integrated project portfolios regarding urban mobility within the Cluj-Napoca growth pole for the MID 1.1; - challenge for the projects to be able to have both economic impact (stimulation of the productive sector and SMEs sector) and social impact (oriented towards the population with low income: unemployed, retired people, etc.) for the MID 1.2.
2. Transport infrastructure	<ul style="list-style-type: none"> - difficulties encountered in the procurement process; - technical design changes during implementation; - delays in the execution of works; - poor quality of infrastructure construction works; - cancellation of work contracts.
3. Social infrastructure	<ul style="list-style-type: none"> - major malfunctions in the public procurement process; - low involvement of the educational units in the project implementation (the main beneficiaries being the local public authorities because pre-university schools are subordinated to them).
4. Business environment	<ul style="list-style-type: none"> - excessive bureaucracy; - delays in reimbursements; - changing rules during the implementation process.
5. Tourism	<ul style="list-style-type: none"> - excessive bureaucracy; - delays in reimbursements; - changing rules during the implementation process.

Source: Processed by the authors (RNWRDA internal data, 2014; RNWRDA, 2014; ROP MC, 2012)

4.2. Main findings of quantitative research

Are the implementation problems identified by control and management authorities, similar to those perceived by beneficiaries? An on-line questionnaire addressed to the project managers was used to discover this, as well as to establish the hierarchy of obstacles encountered by beneficiaries during project implementation, the consequences of these obstacles, advantages and accomplishments of the implemented projects and aspects that beneficiaries would improve in the implementation process. The questionnaire sample was formed of ROP 2007-2013 beneficiaries from the public sector. Most of the respondents came from the urban area (87%). The best represented county was Bihor, with 42% of the respondents, followed by Maramureş (19%), Cluj (13%), Sălaj (10%), Satu Mare (10%), and Bistriţa (6%).

Almost all the beneficiaries (99%) declared they encountered obstacles during the implementation process (Figure 1).

The biggest obstacle encountered (45% of the respondents) is 'the process of public acquisition (procurement)'. The identified process weaknesses are: the legal framework that changes frequently during the project implementation, the great allowance

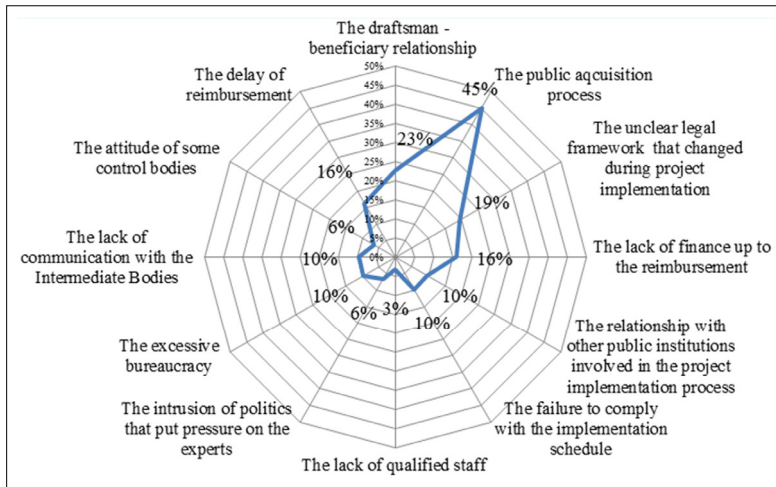


Figure 1: The main obstacles encountered during the implementation process

Source: Authors' calculations

for contesting the public bids, the lack of quality indicators for the services and facilities offered instead of the 'lowest price' criteria. We consider that it is important to stress that the beneficiaries feel the same threat as the EC regarding malfunctions in the system of management and control of public procurement (ROP MC, 2012; RM-RDPA, 2014) and consider public procurement the most serious obstacle during the implementation process. The second obstacle faced by the respondents (23%) regards 'the relationship with the architects and engineers that did not work properly', there were cases when the technical project had been done wrong and they had to redo it. The third and the most frequent obstacle (19%) was the 'unclear legal framework that changed during implementation'. This problem made the process of project implementation harder because the rules they had to comply with changed during the process. On the fourth place in terms of frequency there are two obstacles: 'the delay of reimbursement' (16%), this obstacle obliged beneficiaries to contract financial loans or to delay the implementation schedule, and 'the lack of available finance until reimbursement' (16%). On the fifth place there are four obstacles that have the same percentage of frequency (10%), namely 'the relationship with other public institutions and other parts involved in the project, the failure to comply with the implementation schedule of the project, the excessive bureaucracy' and 'the lack of communication with Intermediate Bodies'. On the last but one place, with a percentage of 6% in terms of frequency, there are two obstacles encountered by the respondents from the public sector, the 'intrusion of politics that put pressure on the experts' and 'the attitude of the control bodies'. The least frequent problem with a percentage of only 3%, was 'the lack of qualified staff at the level of beneficiaries', a positive aspect that reveals that public institutions are prepared in terms of human capital to attract EU funds and the institutional capacity is not an obstacle.

As noticed in Figure 2, most of the respondents (45%) declared that ‘the encountered obstacles did not have significant consequences on the project implementation’. Another part of the respondents (35%) declared that the obstacles determined ‘significant delays in the project implementation schedules’. Another consequence of the obstacles encountered during implementation (‘delays of reimbursement’ and ‘lack of available finance until reimbursement’, even when there were not registered delays) was the fact that ‘the public institution was forced to contract a financial loan’ (26%). A smaller frequency (6%) registered ‘the delay of the payment to suppliers with more than 60 days’. The last consequence in terms of frequency (3%) was ‘the delay of other planned projects’.

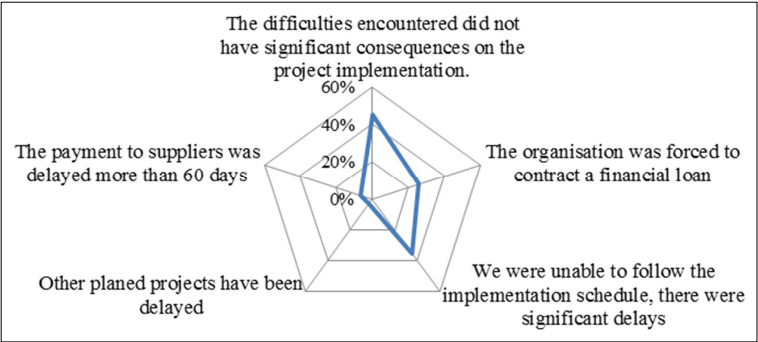


Figure 2: The consequences of the encountered obstacles

Source: Authors' calculations

Most respondents (39%) mentioned ‘the improvement of social, educational and health services’ through the investments in the related infrastructure and facilities as main advantage ‘of the implemented projects’, as seen in Figure 3. Another part

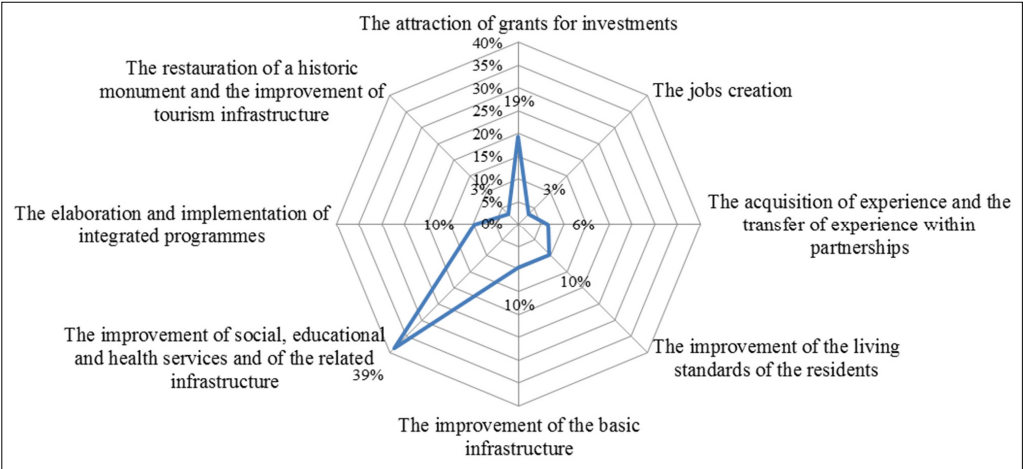


Figure 3: The main advantages and accomplishments of the implemented projects

Source: Authors' calculations

considered ‘the attraction of grants for investments in the area they activate’ (19%) as the main advantage. On the third place there are three accomplishments with the same percentage (10%): ‘the improvement of the residents’ living standards’, ‘the improvement of the basic infrastructure’ and ‘the elaboration and implementation of integrated programs’. ‘The acquisition of experience in project implementation’ and ‘the transfer of experience within partnerships’ are on the last but one place (6%). On the last place (4%) there are two advantages: ‘the creation of jobs’ and ‘the restoration of historic monuments and the improvement of tourism infrastructure’.

Asked about the main indicators that reflect the impact of the implemented projects, the respondents’ answers were diverse, depending on the type of projects they implemented. The answers included: the number of jobs created, the decrease of the numbers of car crashes, the increase of the number of students, the number of education units rehabilitated/equipped, the number of social and healthy units rehabilitated/equipped, etc.

The aspect that most of the respondents would improve in the process of implementation (Figure 4) was the procedure of public procurement. Another significant part of the respondents would simplify the process of assessment, reporting and reimbursement. On the third place the respondents proposed the reduction of bureaucracy, while on the fourth place were two measures that respondents recommend to improve the implementation process: the removal of the ‘lowest price’ criteria of winning bids and the introduction of some quality requirements, and the assurance of a stable legal framework. Another measure was increasing the amount of pre-financing.

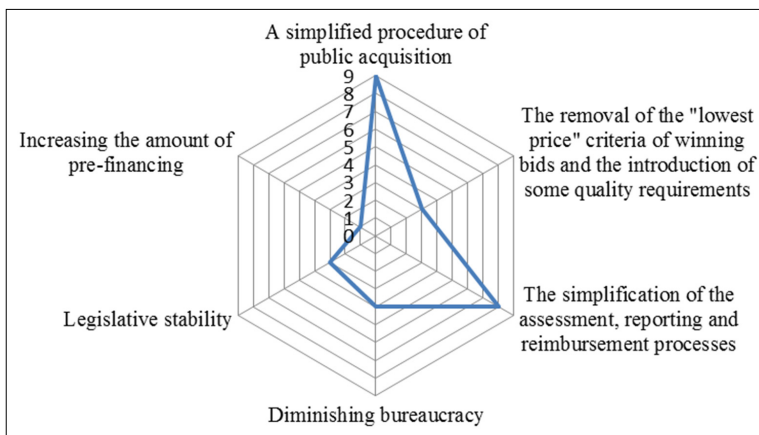


Figure 4: One aspect that respondents would improve in the implementation process

Source: Authors’ calculations

4.3. Main findings of the qualitative research

The quantitative research was nuanced by interviews with legal representatives of project beneficiaries from the public sector, in order to obtain a better picture of the process of ROP 2007-2013 implementation by the public sector in the NWRR.

The total number of people interviewed was 18, 4 of which were county council presidents, 13 were mayors and 1 was a university vice-rector. In our opinion, the most striking results from these interviews were the references to the 'intention to apply for accessing a new project financed through ROP'. All (100%) of the representatives of local public administration answered with 'Yes' and declared that they have project ideas or project applications prepared or are ready to apply, especially in the field of social infrastructure (education, health, social services, etc.). The interest in social infrastructure projects is explained by the worrying impact of the economic crisis that always brings attention to the fundamental problems of communities such as public education and health services. Social infrastructure facilities were somewhat sacrificed in the current programming period in favor of transport infrastructure. One counter example is the response of a mayor from a small town who declared the following interests in future projects: 'Integrated urban development projects, schools, social services, nurseries, kindergartens, tourism and environment' (Mayor, Borșa, Maramureș County).

The very low interest in transport infrastructure is somewhat worrying, where more needs to be done, a tendency explained by the difficulties of the projects funded under this priority axis. The total lack of interest in supporting economic environment is also worrying, knowing that economic agglomerations such as industrial parks, clusters etc. represent the most influential regional development strategy. As the interview reveals, they are not currently included on the priority list of local administration even though we are confronted with a decrease in the number of jobs and an increase in migration, especially skilled labor.

One of the most striking results from these interviews was the reference to the 'advantages or accomplishments of implementing ROP 2007-2013'. Most of the representatives of local public administration consider it an advantage that they have access to supplementary funds for investments and for integrated projects and for achieving important goals for the community and solving local community problems with long-term impact (infrastructure improvement, traffic flow, restoration and enhancement of historical monuments, etc.): 'The possibility of solving a number of problems identified in Sălaj County, with long-term economic impact' (President, Sălaj County Council); 'The covering, by foreign funds, of the financial requirements in order to achieve important goals for the community' (Mayor, Turda, Cluj County); 'Through the modernization or rehabilitation of 19 roads included in the program, essential links have been provided, ensuring the traffic flow, avoiding excessive concentrations of traffic, shortening the distances, and last but not least, removing bottlenecks in key points of the central area' (Mayor, Oradea, Bihor County); 'Enhancement of a historical monument through its restoration and construction of other related projects' (Mayor, Fărcașa, Maramureș County).

These are generalized opinions in most cases. This aspect is particularly important for the rural area and small towns, where incomes and local budgets are lower and the access to funds for investments is difficult: 'The development or modernization of

some investment objectives from grants, making important savings at the local budget' (Mayor, Horoatu Crasnei, Sălaj County); 'Accessing European funds because the funds from the state budget are insufficient for the development of our town' (Mayor, Vișeu de Sus, Maramureș County); 'It brought a considerable benefit for the population of the entire area of Beiuș, people that live in the area benefiting from an integrated sanitation outpatient, without having to travel to the nearest outpatient which is 60 km away' (Mayor, Beiuș, Bihor County).

The strengths of the process of project implementation identified by the respondents included the 'cooperation and collaboration with the experts of the RNWRDA', the expertise of the personnel of the local public authority they represent, perseverance and ambition, the possibility of assuring the personal contribution, the establishment of a good work strategy that was followed all through the project implementation and the guides elaborated by the Intermediate Body. All these aspects contributed to the successful implementation of the projects. Basically, there are two categories of responses to the question: 'What were the strengths that facilitated the implementation of the project/projects financed under ROP 2007-2013?' Most interviewees referred to the relationship with the managing authority of the program and the institutional capacity of the regional development agency in praising terms (availability of cooperation, good communication, professional experts and monitoring officers, etc.) or to the fact that the projects' implementation led to the development of their institutional capacity in terms of project management: 'The beneficiary's relationship with RNWRDA and the promptitude and efficiency of its representatives in drafting responses to inquiries and verification and fulfillment of requests for payment' (Vice-Rector, Cluj-Napoca, Cluj County); 'The professionalism of experts from the management authority and the short period of reimbursement of payment requests' (Mayor, Bistrița Bârgăului, Bistrița County); 'We consider the strengths that facilitated the implementation of the project funded through ROP 2007-2013 were the young team capable of implementing projects and the good cooperation with accredited institutions that have collaborated in the implementation of projects' (Mayor, Beiuș, Bihor County); 'The availability and capacity of the local authority (beneficiary) to adapt to changing rules during implementation' (Mayor, Turda, Cluj County).

Only 3 respondents identified strengths of the program and not of the institutional capacity: 'Reduced co-financement between 2% - 10% for many projects especially in the area of local public administration' (President, Bihor County Council); 'The fact that there were written procedures, legislation, technical assistance' (President, Maramureș County Council); 'System of financing by payment requests' (Mayor, Borșa, Maramureș County).

These responses are somewhat contradictory to those relating to the main obstacles in implementing the ROP 2007-2013 and this nuances the quantitative research findings with the following clarifications: 'Excessive bureaucracy, personal interpretation of the decision makers on legislative issues' (Mayor, Fărcașa, Maramureș

County); 'Providing qualified personnel (specialized) in implementation of European projects, the instability of certain rules or guidelines regarding project financing, frequent legislative or form changes' (President, Bihor County Council); 'Long periods of assessment of applications for funding, difficult to quantify the evaluation factors, possibility that leads to the suspicion of a possible subjectivity of evaluators' (Mayor, Bistrița Bârgăului, Bistrița County).

With regard to public procurement procedures, the interview nuances the findings of the quantitative research with the following clarifications: 'Deadlines and procedures for acquisition' (Mayor, Vișeu de Sus, Maramureș County); 'Maximum instability of the public procurement legislation' (President, Sălaj County Council); 'The complexity of procurement procedures regarding procurement of works' (Vice-Rector, Cluj-Napoca, Cluj county).

When asked if they consider that the implemented projects contributed to the regional economic development of the NWRR, 100% of the interview respondents said 'Yes'. The means through which the implemented projects contributed to the regional economic development are: job creation, the improvement in the quality of educational, health and social services offered to citizens, transport infrastructure improvement at local and regional level, increased citizens' security and the creation of an attractive investment climate. All these aspects raise the attractiveness of the region and improve the life standards of the locals. All the respondents considered the projects relevant and that they contribute to the accomplishment of the local development plan.

The development priorities that the respondents have proposed for 2014-2020, compatible with ROP and with the projects they plan to implement, aim to improve local infrastructure in the fields of transport, education, health and social units, fostering the business environment in order to create better and more jobs, etc. Another positive aspect was that the respondents are involved in the creation of the development strategy for the forthcoming programming period, although the 2014-2020 period has already begun and the plans of strategic development are still under discussion, which will allow them to have a full image of the development needs and elaborate integrated projects.

The interviews nuance the quantitative research findings as it regards the impact of the project/projects financed through ROP (the contribution to regional economic growth and at the development of the NWRR/locality): the increase in the number of jobs or the stability of some jobs, the creation of some new jobs that somehow covered the disappearance of other jobs, the development of auxiliary activities, etc.; the growth in the life quality of the regions through the following: the increase in the level of service quality, reduced criminality, the increase in citizens' security levels, etc.; the increase of economic attractiveness, creating an attractive investment framework, etc.

To describe the way in which the projects financed through ROP 2007-2013 have contributed to the regional economic growth and to the development of NWRR/locality, we present an example given by a public sector beneficiary who implemented

several ROP projects. We have encountered several such cases; yet we present here just one synthetic point of view: 'A modernized infrastructure facilitates tourists' access, the access of potential investors, raises the investment value of the area and increases the urban comfort for inhabitants' (Mayor, Turda, Cluj County).

5. Conclusions

Based on our quantitative and qualitative research findings, we can state that the process of public procurement is the most real and consistent obstacle that the public sector beneficiaries face in the implementation of ROP 2007-2013 in NWRR and simplifying the procedure of public acquisition is the most important aspect that they would improve. Thus, Hypothesis H1 was proven to be true. It's important to stress that the public sector beneficiaries perceive the most serious obstacle exactly where the EC perceives the most serious threat. The process of public acquisition (procurement), the relationship with the architects and engineers and the unclear legal framework that changed during implementation are the 'top 3' obstacles faced by beneficiaries from the public sector. On the fourth place in the hierarchy of obstacles are: the delay of reimbursement and the lack of finance until reimbursement, which produced the most consistent consequences: contracting bank loans and serious delays in implementation. The least three frequent groups of identified obstacles are: the relationship with other public institutions and other partners involved in the project, failure to comply with the implementation schedule of the project, excessive bureaucracy, lack of communication with control bodies, followed by the intrusion of politics that put pressure on experts, the attitude of the control bodies and the lack of qualified staff at the level of beneficiaries. We can conclude that the institutional capacity is far from being a consistent obstacle for the public sector. On the contrary, we must note that the ROP 2007-2013 experience contributed significantly to the development of institutional capacity at the level of local public administration in the field of strategic and integrated project management. Also, excessive bureaucracy (the first obstacle in the hierarchy of the obstacles faced by the private sector beneficiaries, as our previous research shows) is on the fifth place in what regards public beneficiaries, which is understandable considering that, in turn, as creators of bureaucracy, the beneficiaries of public sector can more easily manage bureaucracy specific to EU funds than those in the private sector.

Even if the hierarchy of the obstacles is different, the largest obstacles are the same for beneficiaries of public sector as for the private sector. The fundamental difference between public and private sector beneficiaries is related to the intention to access EU regional funds in the next programming period. While many private beneficiaries declare, as our previous research shows, that they do not want to access EU financing again, 100% of public sector beneficiaries declared they intend to access EU regional funds in the next programming period considering that the obstacles encountered are outweighed by the advantages and accomplishments of the implemented projects. The institutional capacity developed and the experiences gained in the current

programming period are encouraging reasons to go further in this direction. Thus, Hypothesis H2 was proven to be false.

For the next programming period, the most important priority for Romania is to improve the effectiveness of the public procurement system. The challenge will be to solve the systemic problem in the public procurement process, but the difficulty consists in simultaneously solving problems of the public sector beneficiaries of EU funds – as those reflected in our research (high complexity of procurement procedures, long deadlines, high instability of the public procurement legislation, great allowance for contesting the public bids, lack of quality indicators for the services and facilities offered instead of the ‘lowest price’ criteria etc.) with irregularities in the procurement process, including issues of corruption and conflict of interests – as the EC emphasized.

The major conclusion of our research coincides with the most important ex-ante conditionality that has been defined by the EC for Romania in order to prepare for the next programming period. Better regulation and promotion of best standards and good practices in public procurement should constitute the subject of a multi-level strategy and a priority for the Romanian Government, as well as for the managing authorities, regional development agencies and local public administration in the upcoming period. We must add the importance of a strategy to reinforce Romania’s administrative regionalization in terms of resources and competencies allocated at the regional level. Also, the design and use of adequate financial instruments are necessary to prevent the difficulties faced by the public sector that lead to the most consistent consequences: the delay of reimbursement and the lack of finance up to reimbursement. The RMEF, the managing authorities and the intermediate bodies at the regional level should be responsible for designing these instruments, but only on the basis of consultations and through the encouragement of dialogue within the cooperation networks between public sector beneficiaries and the financial-banking sector.

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