Abstract
In Europe today, economic success is often dependent on a region’s capacity to develop networks with other regions. Cooperation and experience sharing between regions can be a key trigger in stimulating a dynamic, forward-looking regional development process. The EU has an important role to play in brokering and supporting partnerships between regions within the Union. Thousands of projects developed over many years under the INTERREG initiative have demonstrated the benefits for regions of working in partnership, sharing ideas and charting new and innovative ways of harnessing European investment. The analysis of the implementation of the projects financed through the INTERREG IVC Program proves that the development of the interregional European cooperation is constrained by the practical difficulties generated by various administrative systems and by the differences among competences on the levels of the public administration of the European Union member states.

OPPORTUNITIES AND DIFFICULTIES IN THE IMPLEMENTATION OF PROJECTS FINANCED THROUGH THE INTERREG IVC PROGRAM IN ROMANIA. CASE STUDY: THE PROJECT ‘PUBLIC POLICIES AND SOCIAL ENTERPRISES’

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1. Introduction

As a community initiative, INTERREG was originally launched in 1988 by the European Commission to promote cross-border cooperation projects by acting directly at the level of sub state actors, and particularly with regional governments and local authorities. The Interregional Cooperation Program enables cooperation between regional and local authorities from different countries in the EU 27, Norway and Switzerland. This takes the form of projects in which these authorities exchange and transfer their experiences and jointly develop approaches and instruments that improve the effectiveness of regional development policies and contribute to economic modernization.

The 2007-2013 Interregional Cooperation Program (INTEREG IVC) builds on the experiences of the Community Initiative INTERREG IIIC (2002-2006), which was designed to strengthen Europe’s economic and social cohesion by funding operations that boost cooperation between regional and local authorities from across the EU, leading to a balanced development of the continent. By creating new development poles, the cooperation often serves to counterbalance both the remoteness and the peripheral situation of these areas. They play a significant role in the rapid acquisition of modern management and public administration methods in regions belonging to the candidate countries. It can also foster neutral examination of sensitive subjects (racism, combating the social exclusion of the Roma, the status of linguistic minorities etc.), which can enrich and reinforce local democracy (Jouen et al., 2001).

The Interregional Cooperation Program is crucial for transnational cooperation initiatives, commissions and projects. Good results for the integration of national or regional organizations into international cooperation can be found at the East European borders (Heiland, 2008). It has been demonstrated that in certain cases the rise of cross-border cooperation has had an important impact on administrative routines of territorial management in Europe (Polard, 1999). Investigations made on the results of interregional cooperation programs conducted so far showed that achievement of all their goals is conditioned by two things: first, a previous regional decentralization policy had to be realized; second, regional governments have developed a significant capacity of cross-border management through the involvement of sub regional actors in stable networks during the previous versions of INTERREG (Harguindéguy, 2009). In these conditions we intend to analyze, using a case study, opportunities and difficulties created by implementing projects financed by the INTERREG IVC Program in Romania.

2. Presentation of the INTERREG IVC Program

The INTERREG IVC Program is part of the European Territorial Cooperation Objective of the Structural Fund policies for the period 2007-2013. It aims, by means of interregional cooperation, to improve the effectiveness of regional development policies and to contribute to economic modernization and increased competitiveness.
of Europe, by:

– Enabling local and regional actors across the EU to exchange their experiences and knowledge;
– Matching regions less experienced in a certain policy field with more advanced regions; and
– Ensuring the transfer of good practices into Structural Funds mainstream programs.

Two types of projects may be developed within the INTERREG IVC Program:

a. **Regional initiatives**, initiated by regional stakeholders, with the purpose of sharing experience in a certain field, for the identification of good practices and for the development of new tools and approaches in their implementation. The duration of these projects is 3 years, and the project partners come from at least 3 partner states, out of which 2 from the European Union;

b. **Capitalization projects, including Fast Track**, which provide for the transfer of good practices identified within previous programs (INTERREG III, the Regional Operational Program etc.) to the programs associated to the following objectives: Convergence, Regional Competitiveness, and Employment, as well as European Territorial Cooperation. The duration of these projects is 2 years, and the partners come from 6-10 partner states, out of which 2 from the European Union; insofar as these projects benefit from additional expertise from the European Commission, they are referred to as Fast Track Projects.

The priorities of the INTERREG IVC Program are:

- Priority 1: Innovation and knowledge economy;
- Priority 2: Environment and risk prevention;
- Priority 3: Technical assistance.

The following entities may be partners in the projects financed through the INTERREG IVC Program: central public authorities (ministries and national authorities), local public authorities (county councils, town halls, county directorates etc.) and public law organisms (Regional Development Agencies, national institutes, state universities etc.). The projects eligible for financing within the INTERREG IVC Program include study visits, joint training sessions, studies and reports, data analyses, comparative case studies, meetings, and events (interregional meetings, seminars, conferences), information and publicity actions (official statements, brochures, websites, radio and TV broadcasts), pilot development and experiments.

The main expected results are: (a) the increased knowledge and capacities of regional institutions; (b) improvements to regional policies and instruments that contribute to the Lisbon and Gothenburg strategies. In order to obtain such results, the European Commission conducted an “ex-ante” evaluation through which it forecasts the following:

- The participation of at least 1,400 public authorities/public law bodies;
- The improvement/development of at least 150 local/regional policies;
- The identification of at least 2,400 good practices through Regional Initiative Projects and the successful transfer of at least 200 of such practices;
- The provision, through Capitalization Projects, of the conditions required for the transfer of at least 250 of the good practices identified in the previous period.

The INTERREG IVC Program is financed through the European Regional Development Fund (ERDF), whose principles and regulations are laid down in Council Regulation no. 1083/2006 (General Regulation), Council and Parliament Regulation no. 1080/2006 (ERDF Regulation) and Commission Regulation no. 1828/2006 (Implementation Regulation). Eligible projects are co-financed at a rate of 15% from national resources (13% of state budget resources and 2% of the recipient). This co-financed percent is available for Member States whose average GDP per capita for the period 2001 to 2003 was below 85% of the EU-25 during the same period. For all other Member States, the maximum ERDF contribution is 75% of the eligible expenditure.

For the projects financed through the INTERREG IVC Program, no advance payment is granted. The indicative value is 0.3 - 3 million EURO for the capitalization projects and 0.5 - 5 million EURO for the regional cooperation projects. Available resources in the project are presented in Table 1.

**Table 1:** The financial allocation on priorities within the INTERREG IVC Program (EURO)

<table>
<thead>
<tr>
<th>Budget distribution</th>
<th>Total eligible funding</th>
<th>ERDF funding</th>
<th>National funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Axe 1</td>
<td>220,908,711</td>
<td>176,726,969</td>
<td>44,181,742</td>
</tr>
<tr>
<td>Axe 2</td>
<td>156,644,359</td>
<td>125,315,487</td>
<td>31,328,872</td>
</tr>
<tr>
<td>Axe 3</td>
<td>27,541,866</td>
<td>19,279,306</td>
<td>8,262,560</td>
</tr>
<tr>
<td>Sum</td>
<td>405,094,036</td>
<td>321,321,762</td>
<td>83,773,174</td>
</tr>
</tbody>
</table>


Projects are financed through the INTERREG IVC Program in a competitive manner, within open calls (public tenders) for project proposals. Up to now, 3 calls for proposals have been launched (the last one was concluded on March 5, 2010). Within the first call, 495 project proposals were submitted, out of which 41 were accepted for financing, requiring a total budget of 89,376,162 Euro. Within the second call, 481 project proposals were submitted, out of which 74 were accepted for financing, requiring a total budget of 162,126,284 Euro.

The structure of the projects accepted for financing within the two calls, on financing fields, is the following:
Table 2: Projects structure approved for funding in the first two calls, on areas of finance

<table>
<thead>
<tr>
<th>The area of finance</th>
<th>Number of projects approved in the first call</th>
<th>Number of projects approved in the second call</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment, human capital and education</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Entrepreneurship and SMEs</td>
<td>11</td>
<td>15</td>
</tr>
<tr>
<td>Innovation, research and technology development</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td>Information Society</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Biodiversity and preservation of natural heritage (including air quality)</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Cultural heritage and landscape</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Energy and sustainable transport</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Natural and technological risks (including climate change)</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Waste management</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Water management</td>
<td>0</td>
<td>6</td>
</tr>
</tbody>
</table>

Source: Authors’ own determination based on data available at www.interreg4c.net/load/first_call_approved.xls and www.interreg4c.net/load/second_call_approved.xls

For the third call for projects, a maximum budget of 15 million EURO was allocated from ERDF, and for this specific call only capitalization projects, including Fast Track projects will be supported.

3. Romania’s participation into the INTERREG IVC Program

Romania’s participation into the Interregional Cooperation Program represents a real challenge for the involved stakeholders, due to their limited experience and to the relatively low level of decision-making power of the local public authorities and public law organisms.

The Romanian eligible entities took part as partners into 17 projects approved within the first call and into 30 projects approved within the second call of the Program. The local public authorities are responsible for the largest participation, as shown in Table 3.

We can notice that the participation of the county councils and of the regional development agencies into the projects financed through the INTERREG IVC Program is significant, due to the fact that these entities have specialized internal operational structures (directorates for the implementation of projects financed by the European Union, in the case of the county councils) or because, from the perspective of their activity, they are much more interested in taking part into projects similar to those financed through the INTERREG IVC Program. For example, 13 county councils, and 6 of the 8 Romanian regional development agencies take part into projects financed through the INTERREG IVC Program (15 projects in the case of the county councils and 11 in the case of the agencies).
Table 3: Romania's participation in the INTERREG IVC Program, in the first two calls for projects

<table>
<thead>
<tr>
<th>The area of finance</th>
<th>Number of member entities in projects approved in the first call</th>
<th>Number of member entities in projects approved in the second call</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Central public authorities</td>
<td>Local public authorities</td>
</tr>
<tr>
<td>Employment, human capital and education</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Entrepreneurship and SMEs</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Innovation, research and technology development</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Information Society</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Biodiversity and preservation of natural heritage (including air quality)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cultural heritage and landscape</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Energy and sustainable transport</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Natural and technological risks (including climate change)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Waste management</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Water management</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Authors’ own determinations based on data available at www.interreg4c.net/load/first_call_approved.xls and www.interreg4c.net/load/second_call_approved.xls

The Romanian eligible entities’ initiatives of coordinating projects financed through the INTERREG IVC Program were poor. Only two eligible Romanian entities took part into the first call as project coordinators (and were not elected).

4. Opportunities and difficulties in the implementation of the project “Public policies and social enterprises”

Starting with 2008, the Argeş County Council has had the chance to take part into the implementation of the project ‘Public policies and social enterprises’ approved within the first call for projects financed through the INTERREG IVC Program.

The general objective of the project is to increase the efficiency of the regional public policies in promoting and supporting social enterprises as trump card for the local economic development and the territorial competitiveness, since the European Parliament, the European Commission and the Economic and Social Committee have acknowledged the capacity of enterprises in the social economy sector to correct a number of major economic and social imbalances and to contribute to the achievement of certain general interest objectives.
The 9 partners (Marche Region, Andalusian Government, City of Forest – Brussels Capital Region, Argeș County Council, Crakow University of Economics, Adult Education Center of the City of Hannover, South Madrid Consortium, Regional Council Provence Alpes Côte d’Azur and Municipality of Rome) of the project will cooperate with the purpose of achieving the following specific sub-objectives of the project:

1. Finding a common definition of the concept of social enterprise and its scope, within the partnership.
2. Facilitating the access of decision-makers operating at the regional/local level and other local interested stakeholders to information concerning the legal framework and the public policies concerning social enterprises, from each country involved in the project.
3. Improving the knowledge of the decision-makers concerning:
   - National and local support systems for the support and promotion of social enterprise;
   - Regional business support structures and, implicitly, social enterprise support structures;
   - Specific actions for the assistance development and promoting innovation in the social enterprises concerning the Regional Operational Program by which structural funds or other support systems operate;
   - Good practices in the public-private partnership systems and instruments for the support and promotion of social enterprises and social entrepreneurship.
4. Increasing the capacity of the decision-makers and local stakeholders to identify those strategies, public systems and good practices that promote the creation, innovation and sustainability of social enterprises.
5. The consolidation of social enterprises and social economy at the regional and local level by transferring some good practices from the areas in which they have already had concrete and quantifiable results into countries with less experience (Poland and Romania).
6. Increasing the number and diversifying the type of instruments available for the promotion of various models of social entrepreneurship meant to meet the requirements of the local community, by identifying and experiencing new approaches in the process of social service (public) procurement process.
7. Promoting the dissemination and the transfer of the results obtained.

Social enterprises are organizations that contribute to the creation of a sustainable economic model, in which people are more important than capital, and which associate the economic performance with the democratic functioning and solidarity among their members. These organizations supply the financial resources required for the achievement of significant general interest and community objectives: (1) providing services meant to meet important and urgent public needs; (2) integrating disadvantaged persons into the labor market; (3) building the infrastructure necessary in order that the disadvantaged persons may establish small enterprises, or in order
that the local communities may start income-generating projects; (4) carrying out a business activity from which private entities have withdrawn due to low profitability; (5) encouraging the communitarization of public services, to the detriment of their privatization. The main medium-term benefit of the efforts made for the development of social enterprises shall be represented by the change of the traditional model of providing public services in which the beneficiaries are only passive recipients of the services provided (Leadbeater, 2002).

The social enterprises sector is strongly developed in the partner states of the projects which are characterized by a federal-type administration system (Germany and Belgium) or unitary regionalized administration systems (Italy and Spain). The local public administration authorities of the countries in question have recognized the importance of this sector for the provision of solutions to certain specific local community problems, and had countless tools derived from the legislative powers and their high autonomy at their disposal, which they used with the purpose of developing social enterprises. Also, great opportunity for funding projects in the social economy from the European Social Fund has been an important stimulus for defining a coherent conceptual framework and for the regulation of specific social economy activities.

By early October 2010, Argeş County Council representatives have made study visits in Marche Region – Italy, in PACA Region – France, in Madrid and Andalusia regions – Spain, in Hanover – Germany and in Malopolska Region, Krakow – Poland, in order to evaluate models of good practice in social economy, identified by foreign partners. In these countries, the involvement of public authorities through specific social economy levers is different. For example, local public authorities in Andalusia – Spain offer direct financial support for the development of social enterprises’ technical capital, in the Andalusian Program for the Development of Social Economy. The funds necessary for developing the program come from its own sources and from European funds. A first evaluation of the implementation effects of the program shows that 690 social enterprises were created (2,300 jobs) and 204 enterprises have been upgraded/extended (417 jobs) from 2001 to 2005. A similar situation was observed in the PACA Region – France, where the public authorities’ tools for the social enterprises’ support include, in addition, the securing bank loans. The high level of social economic development in Andalusia – Spain was facilitated by the creation of the Ministry of Regional Social Economy – a structure that manages both the financial resources necessary to encourage business creation and expansion of social enterprises, and human and information sources that help to reinforce the social economy sector by activities such as consulting, training, technical assistance and others. To support the regional economic and social development, public authorities in Madrid created an original structure: South Madrid Consortium – an association of five municipalities in the south of Madrid, who undertakes various initiatives – i.e. the creation of a common fund for financing projects in the social economy.

In Germany, the size of social economy is estimated at about 2,000 social firms, operating in order to integrate the disadvantaged people on the labor market. Many
social enterprises in Germany have a number of similarities with protected units in Romania: they aim to integrate persons with disabilities on the labor market, they are exempted from certain taxes, and they are largely dependent on government subsidies for employees with disabilities. The major difference between the two types of organizations consists in the magnitude and nature of their activity. Thus, at the end of 2008, in Romania there were 262 authorized protected units which employed 1002 persons with disabilities (Pirvu, 2009) while in Germany, a single organization – Hannoversche Werkstätten gem.Gmbh (Hanover: sheltered workhouse for people with disabilities) employed in 2010, approximately 1,000 persons with disabilities. Also, German sheltered workhouse’s main objective is the training of persons with disabilities, enabling their activation on the labor market.

In the Marche Region – Italy, the public intervention in the social economy is facilitated by the provisions of national laws that give the right to local public institutions to procure from social enterprises goods, works and services. As in other countries visited, sources of financing the social economy are the European Social Fund and the state budget but subsidies and direct aids are less used like financial instruments.

The Romanian initiatives of establishing social enterprises are quite poor, despite the numerous advantages given by the establishment of such enterprises, due to the lack of joint actions performed by the public authorities with the purpose of promoting and supporting this type of initiatives. Under these circumstances, the problems targeted by this project are complex and quite new, and the products of the project may be a possible answer to the current necessity to modernize the Romanian social and financing policies by: (1) stimulating the disadvantaged groups’ participation into the labor market; (2) developing the entrepreneurial spirit in persons for whom the active inclusion into the labor market is difficult; (3) enhancing the economic and social cohesion at the level of the local communities; (4) replacing, where possible the public supply of public services with the private supply of such services.

By analyzing the operating mechanism of social enterprises from the partner states, we can define some assumptions concerning the measures the Romanian public authorities could take for the development of this sector:

- Creating a stimulating legal framework (exemption from paying certain duties, taxes and mandatory contributions, decreasing financial obligations required for the establishment of social enterprises, guaranteeing loans contracted for the development of the economic activity, subsidizing public interest goods and services supplied by social enterprises);
- Facilitating the access to public procurement contracts, by granting a certain score to the companies which meet certain social criteria (employ disadvantaged persons, provide public interest goods and services etc.);
- Facilitating social enterprises’ access to exhibition spaces;
- Promoting the image of social enterprises;
- Advising/assisting the persons interested in establishing social enterprises etc.
The specific organization and functioning of the Argeș County Council (in Romania, there is only administrative and financial local autonomy, and this is exercised based on, and within the limits stipulated by the law, in compliance with article 4 of Law no. 215 on Local Public Administration from 2001) does not allow it to use the first tool, which is the tool that could have the strongest impact on the development of social enterprises. Consequently, in order to guarantee a successful transfer of the good practices identified within the project ‘Public policies and social enterprises’, it would have been much better if an authority representing the central public administration had taken part in the project, such as, for example, the Ministry of Labor, Social Solidarity and Family, or one of the governmental agencies with social responsibilities. The participation of a representative of the central public administration would have been all the more recommended when taking into account that the development of social enterprises may represent a solution for a problem affecting the whole Romanian society, not only a local community: the large number of socially assisted persons.

Using the second tool with important impact on the development of social enterprises – public procurement – is controversial because the purchase of goods or services provided by social enterprises may reduce the efficiency of the public spending (as the labor productivity in social enterprise is lower, the price of their goods and services is greater than the price of goods and services provided by traditional firms in the market). We also expect the occurrence of some problems caused by the absence of an equal treatment between companies participating in public procurement procedures. In this sense, a cost-benefit analysis of the introduction of social clauses in public procurement procedures is required.

The relatively low volume of Romanian local authorities’ own financial resources (the biggest part of public revenue are concentrated at central level) and existing difficulties in the Romanian public finance system do not permit the creation of a fund available for Argeș County Council to finance some substantial start-up initiatives or the development of social enterprises.

The easiest way to transfer some of the partner countries’ best practices in Argeș County Council is represented by the training of specialists in the social economy (they could work in a specialized structure of Argeș County Council). Thus, social enterprises could receive advice, assistance and other. Schools with specialization in social economy of the countries where social enterprises are recognized as a major player in the economy and specific phenomena and processes have been conceptualized should represent the providers of educational services. Financial resources available through the Human Resources Development Operational Program (funded by European Social Fund) are an excellent opportunity for development of Argeș County Council’s specific human capital in the social economy issues.

**Conclusions**

The research performed concerning Romania’s participation into the INTERREG IVC Program and the case study of the project ‘Public policies and social enterprises’
allow us to draw the following conclusions:

– The stakeholders involved into the implementation of the projects financed through the INTERREG IVC Program will have the opportunity to access tools, methods and technologies etc., that proved to be efficient in other European countries, and to create strategic partnerships with similar organisms from the other member countries of the European Union.

– The specific objective called ‘transfer of good practices’ will be hard to reach due to the reduced participation of the central public authorities to the projects approved within the first two calls and to a small number of tools available for the local public authorities and public law organisms for the achievement of this objective. The case study – the project ‘Public Policies and Social Enterprises’ – demonstrates that the transfer of the best practices between the stakeholders involved into the implementation of the projects financed through the INTERREG IVC Program (one of the priorities of the Program) is difficult because the level of skills and knowledge of partners is different. In this context, identifying methods and tools that could be taken and adapted by partners in order to achieve specific project objectives is a difficult endeavor.

– Due to the specificity of each project, the coordinators should have been more careful in evaluating the Romanian partner institutions’ capacity to contribute to the achievement of the project objectives.

– Territorial regionalization in our country represented one of the European standards to be achieved in order to access structural funds but it was not accompanied by a consistent public debate, concerning the aspects involved by the regional development, the balance between the central and the local public power levels, and a better territorial and administrative organization. Therefore, the implementation of projects financed through the INTERREG IVC Program will provide the Romanian public administration authorities with the opportunity to recognize the need for the enhancement of the regional administrative competences and will probably contribute to the intensification of the regionalization process.

The analysis of the project ‘Public Policies and Social Enterprises’ demonstrates that the probability of enhancing the governance capacity of Romanian local public authorities through INTERREG IVC initiatives is low and the probability that the cross-border initiatives to be used, generally, as a convenient arrangement for local public authorities to obtain more money is great. This situation is caused by the peculiarities of the Romanian public administration system, mentioned in the paper. In the particular case of the project ‘Public Policies and Social Enterprises’, the INTERREG IVC initiative offers Romanian stakeholders the chance to change the way in which they approach the problems of the vulnerable or disadvantaged social groups and to understand that measures meant to lead to the inclusion of these persons into the labor market are possible and very necessary in the current social and economic context.
References:


